

WORLD NEWS

**Miner dies  
in S Africa  
pit violence**

A black miner has been killed and about 20 hurt in clashes at the Libanon gold mine south-west of Johannesburg, which appear to have been the most serious violence in the South African mine strike.

After two weeks there seemed to be no weakening of solidarity among the 300,000 strikers, and no sign that mine-owners were ready to resume production.

At least 20 strikers died when their bus hit a cliff while taking them to their homes in the eastern Cape.

**Blast kills man**

A man died and 28 people were hurt when an explosion demolished a factory building in Balham, South London. Burrowed through rubble to rescue three people, a gas leak was suspected of being the cause.

**Shooting victims die**

Two victims of Hungerford gunman Michael Ryan, Myrtle Gibbs and Ian Playle, died in hospital, bringing the death toll from Wednesday's shootings to 16.

**China border move**

China and the Soviet Union agreed in principle on redefining their eastern boundary, which has been in dispute for more than 20 years. Page 3

**Hart ends holiday**

Gary Hart said he was cutting short an Irish holiday amid speculation that he might re-enter the race for the US Democratic Party's 1988 presidential nomination. Page 2

**Second Nazis antepay**

A second antepay was carried out on the body of Hitler's deputy Rudolf Hess after his family said they did not believe claims that he committed suicide. Back Page

**FTI report**

FTI's political system should be changed to let ethnic Filipinos dominate Parliament, but links with the British Crown should be kept, an official report said. Page 3

**405 Libyans killed**

Chad said its troops killed 405 Libyans while repulsing a Libyan attempt to recapture the town of Azoz on this week.

**Captain's body found**

The bodies of British captain Gerry Blackburn and an Indian seaman, missing since the supply boat Aztia hit a mine and sank in the Gulf last week, were found.

**SDP prediction**

Ninety per cent of SDP members would join an Alliance formed by merger with the Liberals, SDP founder member Bill Rodgers predicted. Page 4

**Rust to go on trial**

Young West German pilot Matthias Rust, who landed a light aircraft near Red Square in May, will be tried in Moscow on September 2, Tass agency said.

**Aquino burned in effigy**

Demonstrators protesting about rising petrol prices burned Philippine President Corazon Aquino in effigy in Manila, the fourth anniversary of her husband's murder.

**Fotofits leader**

Editorial consultant Bill Nutting was appointed editor of the News on Sunday, its fourth since it was launched in April. Page 4

**MARKETS**

**DOLLAR**

New York lunchtime:

DM 1.5165

FF 6.0755

SF 1.50475

Y142.6

London:

DM 1.512 (1.5275)

FF 6.0775 (6.1125)

SF 1.5048 (1.5145)

Y142.7 (144.1)

Dollar index 101.3 (102.0)

Tokyo close Y143.0

**US LUNCHTIME RATES**

Fed Fund 6.4%

Smith Barney Bills:

yield 4.22%

Long Bond: 9.4%

yield 8.95%

**GOLD**

New York Comex Dec Intest

\$364.4

London: \$458.0 (+45.75)

Gold price changes yesterday: Back Page

Asian: Sch 22: Bahrain D10.650; Belgium BF 48; Canada C\$1.00; Cyprus C£1.75; Denmark DKr 8.00; Egypt E£2.25; Finland Fmk 7.00; France FF 6.50; Germany DM 2.20; Greece Dr 100; Hong Kong HK\$2; India Ru 15; Indonesia Rp 3,000; Israel NIS 1.00; Italy L1,800; Japan Yen 100; Korea W 1,000; Luxembourg Lfr 4.00; Malaysia Ring 4.25; Mexico Pes 200; Morocco Dh 8.00; Netherlands Ff 3.00; Norway Nkr 7.00; Philippines Pes 20; Portugal Esc 100; Saudi Arabia Rls 8.0; Singapore S\$4.10; Spain Pts 125; Sri Lanka Ru 50; Sweden Kr 8.00; Switzerland SFr 220; Taiwan NT\$360; Tunisia Dz 0.800; Turkey Lira 150; UAE Dir 6.50; USA \$1.00; Venezuela G.150.

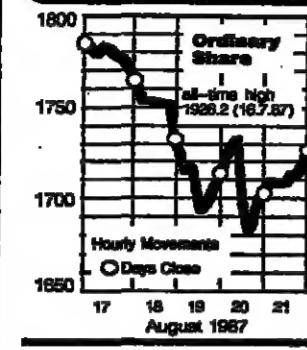
SELLING PRICE IN IRELAND 80p

**BUSINESS SUMMARY**  
**RHM in  
renewed bid  
speculation**

**GOODMAN FIELDER**, the Australian-based food group, yesterday raised its stake in Rank Hovis McDougall from 16.5 per cent to 21.02 per cent, renewing speculation of a bid for the British food manufacturer.

The share purchase cost Goodman \$22.0m and moved the company closer to its ambition to be a global force in the food sector. Back Page

**EQUITIES** rose in late trading as analysts took a closer look at Thursday's money supply and bank lending figures and as the market moved into the new trading account. The FT



## Soviets ready to join Gulf minesweeping if warships withdraw

BY ANDREW GOWERS, MIDDLE EAST EDITOR

THE SOVIET UNION has expressed willingness to participate in an international minesweeping effort in the Gulf, provided such a move is accompanied by the withdrawal of all foreign warships except minesweepers from the region.

The statement from the Soviet Foreign Ministry, released yesterday by the Soviet embassy in London, represents a development in Moscow's position in the Gulf crisis, which has hitherto consisted largely of insisting on the unconditional withdrawal of foreign navies.

It shows that the Soviets, like several Western countries, now regard the planting of mines as a significant threat to freedom of navigation in the Gulf. But its significance lies in the fact that Moscow has had at least two minesweepers in the region Washington was violating for some time.

It is not clear whether these have been sent for minesweeping duties or simply to escort Soviet flag merchant ships.

The statement condemned all acts which interfered with freedom of navigation, including mining. It can be taken as an

implicit criticism of Iran, which has been widely blamed for the proliferation of mines in international waters.

"We consider it necessary to start the search for solutions to the problem of minesweeping in the context of international efforts to normalize the situation in the area," the statement said.

"Such efforts should go hand in hand with the withdrawal of naval forces of outside countries, except minesweepers which would stay in the Gulf for an agreed period."

Soviet criticism of the US military build-up in the Gulf has been unremitting in recent weeks. Yesterday's statement reiterated Moscow's claim that its significance lies in the fact that Moscow has had at least two minesweepers in the Gulf for some time.

It is not clear whether these have been sent for minesweeping duties or simply to escort Soviet flag merchant ships.

The statement condemned all acts which interfered with freedom of navigation, including mining. This difference between Moscow and Washington makes

## British markets steady after volatile week

BY JANET BUSH IN LONDON AND IAN RODGER IN TOKYO

BRITISH financial markets ended an extremely volatile week on a calmer note yesterday as some investors tentatively stepped into the equity market looking for bargains after Thursday's dramatic falls.

The dollar, however, had another difficult day as traders reacted negatively to official statistics showing US economic growth had been weaker than previously estimated in the second quarter and a lower than expected rise in consumer prices last month.

Although a longer-run view would suggest the prices data were encouraging news for the US economy, traders took the figures badly, fearing they seemed to indicate a further interest rate rise which would bolster the dollar and increase the attraction of US bonds.

There is suspicion of the Soviet stance in the West, however. The US and Britain believe Moscow is keeping its options open with a view to enhancing its influence in Iran.

US to beef up naval command, Dutch call for W. European initiative, Page 2

## WEEKEND FT



**ISLAM**

Sectorian differences between Sunnis and Shias aggravate political conflicts in the Gulf region. Page I

**FINANCE**

Polarisation—advisors in two camps. Page VI

**PROPERTY**

Full details of the ICI move on Millbank. Page VIII

**NICARAGUA**

Shades of Oliver North—in 1855. Page XII

**EUREKA!**

Mini-television. Page XIII

**ARTS**

Brion's War Requiem in Berlin. Page XV

## Stock Exchange acts on share transfer backlog

BY CLIVE WOLMAN

THE Stock Exchange and company registrars yesterday announced an initiative to ease the backlog of unclaimed free shares resulting from the new purchaser of record system.

Mr Noel Walker, managing director of St Regis Registrars and chairman of the Registrar's Group, said: "We will probably have a gold star service which will give a two-hour turnaround, with facsimile links to the main company registrar services.

An office will be opened in the next few weeks probably in a corner of the largely empty Stock Exchange floor, with facsimile links to the main company registrar services.

He said the investor would probably have to pay £25 for this service. A cheaper 24-hour service would be offered, plus a three-day service with no charge to the users, which would cut out couriers rather than facsimile.

Mr Walker will then forward a copy to the relevant share registrar, who will certify it and return a copy by facsimile. This will allow the Stock

Exchange to certify the broker's original form, which can then be deleted, in place of a share certificate to the new purchaser in exchange for a small fee.

Mr Walker warned against seeing the system as a panacea. He said many of the delays were in the back offices of the securities firms rather than in the process of transferring the documents.

The Stock Exchange has an express certification service, but only for investors who can deliver their share certificates. Mr Walker estimated that less than 1 per cent of the 60,000 or so share bargains transacted daily through the Stock Exchange would have to be settled through this process alone. Although this will include many of the largest bargains, and that registrars would be able to rely on their existing staff to operate it.

The attraction of the system to sellers is that it will allow them to receive their money as soon as they deliver the certified documents.

Mr Walker warned against seeing the system as a panacea. He said many of the delays were in the back offices of the securities firms rather than in the process of transferring the documents.

Total unit sales in the first seven months of this year, according to figures issued yesterday by the Unit Trust Association, have topped £1bn monthly and have now reached £8.82bn, against the annual record of £8.60bn set for the whole of 1986.

The strong popularity of unit

trusts, for which sales are up 10 per cent, reflects growing interest in equities and a number of factors. Buoyant stock markets worldwide have been attracting investors to equities in general and to unit trusts in particular.

New marketing outlets bringing unit trusts to a much wider public have been opened by the progressive entry of traditional life companies over the past two or three years. These com-

panies have now reached £8.82bn, against the annual record of £8.60bn set for the whole of 1986.

The strong popularity of unit

## Manpower recommends raised bid of \$1.3bn from Blue Arrow

BY JAMES BUCHAN IN NEW YORK AND PHILIP COGGAN IN LONDON

MANPOWER, the world's largest employment agency, yesterday recommended acceptance of an increased \$1.3bn bid from Blue Arrow, up \$25m from Blue Arrow's original \$75 per share bid. Manpower's share price jumped \$2 to \$34 yesterday.

Analysts said arbitrageurs, who own as much as 40 per cent of Manpower, believed a higher bid was unlikely. "I think we might not be able to manage this large group. I never wanted a hostile bid in the first place. It is just in America you have to prove you can put the case on the table before making a friendly offer," Mr Berry said.

The agreement envisages Mr Fromstein, who has signed a three-year contract, staying as chief executive of Manpower and joining the Blue Arrow board.

"I am glad that he stayed," Mr Berry said yesterday. "It allies fears in the UK that we might not be able to manage this large group. I never wanted a hostile bid in the first place. It is just in America you have to prove you can put the case on the table before making a friendly offer," Mr Berry said.

However, as late as Wednesday night, Adia, the Swiss employment services group, was

## OVERSEAS NEWS

### Hart 'considers re-entering race for president'

BY LIONEL BARBER IN WASHINGTON

MR GARY HART, the former Democratic Party presidential candidate, said yesterday he was cutting short a fishing holiday in Ireland amid speculation that he is considering re-entering the race this autumn.

In the US, associates of the one-time Democratic front-runner expected disclosed Mr Hart's whereabouts; his candidacy last May after it was widely reported that he spent a night with a Miami model in his Washington townhouse.

The speculation was touched off by Mr William Dixon, Mr Hart's campaign manager until a few days before his withdrawal, who predicted the former Colorado Senator would be back in the race in the next 30 to 60 days.

Mr Hart, pressed by reporters yesterday in Ireland, fuelled mystery by refusing to confirm or deny the rumours. But he told the Irish Radio and Television network that he was returning to the US immediately "because of developments."

Most of Mr Hart's campaign staff have defected to other Democratic candidates. More recently, Mr Hart has owned about \$1.5m from his 1984 and 1985 runs for the presidency.

The Washington Post reported yesterday that Mr Hart and his aides had discussed the possibility of re-entering the race as a way to get federal matching funds for his 1988 campaign. These funds are available to defeated candidates who show that they have raised at least \$100,000 in total from 20 different states.

The Federal Election Commission refused to match Mr Hart's own contributions because he did not apply for funds until 10 days after his withdrawal. The commission, however, is to hear a final appeal



Gary Hart: not gone fishing

early next month. If he receives his candidacy, Mr Hart could be eligible to qualify for almost \$1m under commission rules.

Mr Hart's 1988 campaign was dogged by debts from 1984 when he came close to beating Mr Walter Mondale for the Democrat nomination.

Though Mr Hart withdrew in disgrace last May, he remains far better known than the seven other Democrats now in the race: Mr Bruce Babbitt, former governor of Arizona, Mr Michael Dukakis, governor of Massachusetts, Senator Paul Simon of Illinois, Senator Albert Gore of Tennessee, Rev Jesse Jackson, Congressman Richard Gephardt of Missouri, and Senator Joe Biden of Delaware.

At least two other Democrats are considering running: Congressman Pat Schroeder of Colorado, and Senator Sam Nunn of Georgia.

### Mafia supergrass out in the cold

BY LIONEL BARBER IN WASHINGTON

MR ALADENA (Jimmy the Weasel) Fratianno, the Mafia hitman turned government informant, is losing his \$100,000 a year living allowance.

The US Justice Department took Mr Fratianno off its payroll this week, almost ten years after he first signed on in the knowledge that the Los Angeles mob had put out a contract on him.

Mr Fratianno, 74, was one of the longest-serving claimants under the federal witness programme which offers protection to informants. In return for regular testimony in organised crime cases, he received a new name, a new identity, a new address and a total of \$65,325 in living expenses from the US government.

Mr Fratianno could not be reached for comment yesterday, but his reaction came in a call to the States News Service on Wednesday.

### US economy grew by 2.3% last quarter

THE US economy grew at a moderate annual rate of 2.3 per cent in the April-June quarter, slightly slower than previously thought, because of persisting trade deficit figures in June, AP reports from Washington.

The Commerce Department said the gross national product, the broadest measure of economic health, grew at about half the 4.4 per cent rate turned in during the first three months of the year.

The new estimate of GNP growth was revised down from an initial report a month ago which put GNP growth at a 2.6 per cent annual rate.

The 4.4 per cent growth of the first quarter, the fastest expansion in almost three years combined with the more modest 2.3 per cent second-quarter growth, means the economy has expanded at a 3.4 per cent rate for the first half of 1987.

The new report said inflation, as measured by a price index tied to the GNP, was rising at an annual rate of 4.3 per cent in the spring quarter, unchanged from the estimate a month ago.

The 4.3 per cent rate of inflation was down slightly from a 4.5 per cent increase in the first quarter. Inflation so far this year is rising much faster than the 2.7 per cent increase in prices for all of 1986.

The biggest reason for the revision in the second quarter GNP growth rate was a sharp widening in the nation's trade deficit for June, which deteriorated to \$15.7bn on the month.

### Rampaging soldiers massacre Sudanese

AT LEAST 250 Dinka tribesmen were massacred when soldiers went on a rampage 10 days ago in the south Sudanese town of Wau.

They said the tribesmen were suspected of collaborating with the Sudan People's Liberation Army (SPLA), a rebel group which has been fighting troops in south Sudan since 1983.

### EC urged to give support to C America peace plan

FIVE Central American foreign ministers working to implement the Guatemala peace plan are seeking backing from the European Community, AP reports from San Salvador.

The foreign ministers of El Salvador, Nicaragua, Honduras, Costa Rica and Guatemala, the five members of the diplomatic regional peace plan agreed in Guatemala City earlier this month, set up working parties to put the details of the plan into effect. They are to meet again within a month in Nicaragua.

The US Justice Department

which has about 300 witnesses under federal protection, half of them behind bars, denied that the decision to drop Mr Fratianno was cavalier. "He has given invaluable service to the government," said a spokesman, "but everyone is terminated from the programme sooner or later."

Andrew Whitley reports from Jerusalem as the trial of John Demjanjuk for war crimes nears its end

### The crowd gets restless as the bull falls to its knees

SIX MONTHS after his trial on charges of crimes against humanity and the Jewish people began, Mr John Demjanjuk's defence is in such disarray that the only serious question being asked here is whether the anticipated death sentence will be commuted.

Humiliated by the way she was torn apart on the witness stand earlier this week, one expert called by the defence went so far as to try to kill herself on Wednesday night.

Last month, Mr Mark O'Connor, chief counsel since 1983 in the legal proceedings against the burly Ukrainian accused of being a sadistic Nazi death camp guard, was dismissed. Since then, things have gone from bad to worse for the re-organised defence team, none of whom have experienced major trials such as this.

To be charitable, Mr Demjanjuk's own performance on the witness stand earlier this month could best be described as stumbling. After pleading repeatedly that his memory was faulty, and his education never went beyond primary school, in a moment of pure pathos when he told his tormentors: "My

biggest tragedy is that I don't know how to answer."

With no other credible witnesses in sight, the defence has

### Argentina starts signing of debt agreement

BY TONY WALKER IN BAHRAIN

Argentina and its creditor banks yesterday started the signing of a \$34.7bn rescheduling agreement and a Citibank official said his bank hopes to swap \$500m of loans for investment in Argentine companies, agencies report from New York.

The agreement is the first to include a menu of options, and includes provisions for debt-to-equity conversion and exit bonds which allow banks to release themselves from future financing. Banks said it was the quickest major rescheduling agreement ever put together.

Mr H. Richard Handley, president of Citibank in Argentina, said that the New York bank hoped to make around \$500m in debt-to-equity swaps but gave no further details.

The package includes

restructurings of about \$30bn of public and private sector debt, a trade credit maintenance facility, a standby money market facility of about \$3bn, and \$1.95bn in new money.

Argentina's first drawdown for \$750m of the new loan is expected to occur next month.

The loan is defined as a "critical mass" of the country's 320 credit bank signs.

"We consider this to be a considerable step forward," economy minister Mr Juan Sourrouille said at the signing.

The new money facility comprises a \$1.95bn medium-term loan, a \$500m co-financing with the World Bank and a \$400m trade credit and deposit facility.

The medium-term loan and co-financing carry an interest rate of 1 per cent over London Interbank Offered Rate and a 12-year maturity with a five years' grace.

### US beefs up Gulf naval command

BY TONY WALKER IN BAHRAIN

THE US is sending a two-star admiral to take command in the Gulf where it is amassing the biggest gathering of its warships in peacetime. The huge naval build-up is expected to reach 41 ships and at least 20,000 men in the next few

months.

When the Missouri arrives with its arsenal of heavy guns and cruise missiles, the US will be able to strike at targets almost anywhere in Iran.

The Pentagon, military analysts say, clearly recognises that its massive commitment of ships and men to the Gulf requires a unified command located so that it can take charge of a highly complex operation.

In Tehran yesterday Ali Akbar Hashemi Rafsanjani, the powerful parliamentary speaker, described the Gulf as a powder keg that could explode at any moment.

Mr Rafsanjani also claimed in a speech at Friday prayers that a US warship had hit a mine, but this had been "covered up."

In Baghdad yesterday a military spokesman said planes had carried out air strikes against economic targets in south-west Iran. Iraq resumed oil bombing missions against oil

installations and industrial complexes in Iran on August 10 after a break of more than a month.

The Pentagon, military analysts say, clearly recognises that its massive commitment of ships and men to the Gulf requires a unified command located so that it can take charge of a highly complex operation.

The US naval command in the region is command fragmented. Vessels on duty in the Gulf require a unified command under the immediate control of a rear admiral based on the command ship USS La Salle, that is often anchored in waters of Bahrain in the central Gulf.

The US warships such as the USS Constellation operate under a different command structure.

"The current set-up in a hedge-podge," retired Rear-Admiral Gene La Rocque, a naval analyst, was quoted as saying. "An on-scene would be better prepared for combat, whether

offensive or defensive."

The US faces serious logistical difficulties in its Gulf naval build-up because the countries of the region are reluctant to provide base facilities for fear of Iranian reprisals.

Meanwhile a convoy of three reflagged Kuwait tankers under US naval escort was further delayed by bad weather in the waters north of Bahrain. High winds, heavy seas and poor visibility stalled the convoy on Thursday.

The poor conditions made it difficult for Sea Stallion minelaying helicopters operating from the main assault vessel, USS Guadalcanal, to carry out operations in the waters of the northern Gulf where Iran is believed to have laid mines.

This is the third convoy of Kuwait tankers, flying the Star and Stripes, that US naval ships have escorted up the Gulf. The convoy includes two liquefied gas carriers and a petroleum ship.

### Gandhi faces long row over Bofors

By John Elliott in New Delhi

Mr Rajiv Gandhi, the Indian Prime Minister, faces the prospects of a long period of political uncertainty probably into next year because of allegations of government corruption on a \$1.4bn Bofors gun contract and other defence and development orders placed abroad.

Leading opposition MPs, including important rebels from the Congress, are pressuring for a law, campaign aimed at undermining the confidence of the government which is facing a wide range of problems.

They want to make sure that Mr Gandhi, who has denied involvement, would have

Rajiv Gandhi has denied involvement

to resign if inquiries prove that Bofors kick-backs have benefited him, his close friends, or any of his own or his Italian-born wife's relatives.

It is this persistent suspicion that Mr Gandhi may be personally implicated which differentiates the Bofors issue from dozens of past allegations of corruption in India, and it for this reason that opposition MPs are determined not to allow the matter to fade.

Yesterday the government was finalising arrangements for a parliamentary committee to inquire into the contract. The committee is being boycotted by opposition parties.

Both the inquiry and the activities of opposition MPs, who had been planning to visit Sweden, have been overtaken by the Swedish Public Prosecutor summoning in Stockholm that he is to investigate the bribery charges.

So opposition MPs are looking ahead to what is called the Budget session in January or February as the time when the committee would come to a head. In the meantime they are likely to try to embarrass the government with other corruption allegations, including the payments of bribes on a \$400m West German submarine contract.

Dr Shankar Dayal Sharma, governor of Maharashtra and a former Congress Party president, was last night elected unopposed as vice-president of India. He succeeds Mr R. Venkataran who became president last month.

### Yugoslav debt law closes mine with 500 jobs

A YUGOSLAV lead and zinc mine is due to close next week, leaving 500 miners out of work, as a tough new bankruptcy law claims its second victim in four days, mining officials said. Reuter reports.

The Suply Stijens mine in Montenegro's second bankruptcy under the law intended to help restructure the struggling communist economy. The law became effective on July 1.

A construction company in Titograd was wound up this week, leaving 1,200 workers jobless. Union officials have said 7,000 Yugoslav companies with 15,000 workers are in the debt.

The Prime Minister, Mr Branko Mikolic, struggling with 105 billion dinars of foreign debt, warned earlier this year that loss-making companies could no longer be bailed out and would have to be shut.

The lead and zinc mine has reported losses of 1.89bn dinars (\$1.5m).

YUGOSLAV lead and zinc

oil and gas since 1982 without making any discoveries. This year Norwegian energy authorities opened up areas in the Norwegian part of the Barents Sea for oil and gas exploration to be undertaken by Norwegian and foreign oil companies.

Norwegian authorities say the discovery will do little to expedite discussions on how rights to the area should be divided. However, they say the distance of the Soviet oil discovery from the disputed area is too great to affect ongoing discussions. Informal talks are planned for later this year.

Agreement has already been reached to share fishing rights in the grey area north of the Kola peninsula and east of the median line.

The Soviet Union has been

exploring the Barents Sea for

oil and gas since 1982 without

making any discoveries. This

year Norwegian energy auth-

orities opened up areas in the

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Sea for oil and gas explora-

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Sea for oil and gas explora-

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wegian and foreign oil compa-

nies.</

## OVERSEAS NEWS

## UK NEWS

# China set to end 20-year Soviet border dispute

BY ROBERT THOMSON IN PEKING

CHINA AND the Soviet Union have agreed in principle to redraw their eastern boundary, in dispute for more than two decades and the scene of fighting in 1969.

The agreement is a sign of improving relations between the two Communist giants and opens the way for the resolution of other border wrangles in the West. However, Western and Asian diplomats warn that it could take several years of talks before even the eastern boundary is settled.

A communiqué released at the end of a round of border talks yesterday noted that "both the Chinese and Soviet sides stand for a reasonable settlement" in the east by taking the navigation channel, the disputed border rivers, the Ussuri and Amur, as the border.

In the past the Soviet Union has insisted that the Chinese bank of the Amur and Ussuri rivers be regarded as the boundary. The first sign of a change of mind in Moscow came in July last year when Mr Mikhail Gorbachev, the Soviet leader, hinted in a speech in Vladivostok that the border could run along the channel.

However, the leader of the Chinese negotiating team, Qian Qichen, a vice foreign minister, stressed yesterday that the border talks could not be considered a success until the boundaries of all disputed areas had been resolved.

Diplomats warned that there could be disagreement over where the channels run, par-



Tinckle around the Soviet-held Bear Island, near the Soviet port of Khabarovsk.

In unnavigable sections of the two rivers, which contain about 700 islands, the countries agree that the border should run along the mid-stream line of the river or the middle line of the mainstream.

While a joint working group of specialists will be formed to draw the line between the two countries in the east, no mention was made of other disputed areas, which include the western border and a section of the Pamirs, near the Afghan border.

Border negotiations resumed in February following the collapse of intermittent talks nine years ago. As well as the border, China says there are three other areas to be resolved with the Soviet Union: Soviet support for the Vietnamese invasion of Kampuchea, the Soviet invasion of Afghanistan and the concentration of Soviet troops on the Chinese border.

Border negotiations resumed in February following the collapse of intermittent talks nine years ago. As well as the border, China says there are three other areas to be resolved with the Soviet Union: Soviet support for the Vietnamese invasion of Kampuchea, the Soviet invasion of Afghanistan and the concentration of Soviet troops on the Chinese border.

# S Korean authorities order bus peace deal

BY RICHARD GOURLAY IN SEOUL

THE SOUTH KOREAN government yesterday intervened to prevent a strike by 18,000 bus drivers which would have crippled public transport in the capital.

Much of South Korean industry has been halted by strikes in the weeks since President Chun Doo Hwan gave into opposition demands for direct presidential elections and other democratic reforms in early July.

It is the second time government officials have intervened to end a strike this week. On Tuesday, officials effectively forced one of the country's largest groups, Hyundai, to negotiate with new democratically elected unions after the management had refused to recognise the workers' representatives.

Management and the bus drivers' unions agreed to a 20 per cent increase after Mr Lee Hemo-ki, the labour minister, and the Seoul town mayor called for a compromise. Busmen had demanded 27 per cent and had been offered 5 per cent. The government has 20 per cent general plans to mobilise 50,000 military, school and government buses if the strike went ahead.

Government party officials are anxious not to let the demands for better working conditions, higher wages and the right to set up free democratic trade unions get out of hand... President Chun Doo Hwan said management and unions had been resolved.

# Ethnic Fijians seek to dominate new parliament

Fiji's political system should be changed to ensure ethnic Fijians dominate parliament, but links with the British Crown should be kept, an official report said yesterday. Reuter reports from Suva.

The report by a Constitutional Review Committee set up by Governor-General Ratu Sir Penia Ganilau said it found little support for turning Fiji into a republic as it would mean cutting ties with the royal family and the Commonwealth.

Ganilau heads an interim administration following the military coup in May.

Six supporters of deposed prime minister Timoci Berauda in the committee called

# Sun scoops a share of the City action

By Ralph Atkins

WATCH OUT for love share seekers. Britain's raciest daily is cashing in on the go-go, yo-yo stock market.

Sandwiched between headlines such as "Diana the megastar" and "Revealed! The hidden heartache of an England soccer star" is The Sun's daily money page.

Punting fans of the 3.98pm circulation paper can now read:

SHOCK news of City dramas.

HOT and sizing tips in the Armchair Punter slot.

VITAL information on key

shares.

When The Sun was launched in 1969, only the toffs and the super-rich had stocks and shares, claimed a Sun Money trailer.

However, recent survey of Sun readers showed a whopping one-in-five had bought shares for the first time in the past year.

This expanding clan of small shareholders is also providing a fresh market for other media outlets including newspapers, commercial radio stations, and a host of tip sheets.

The Daily Mirror—circulation 3.12m—started a weekly, four-page money special at the beginning of June. It carries stories of share prices, as well as general City and personal finance news.

The Star publishes about 30 share prices daily but is planning to expand its City coverage.

The idea is catching on in the provincial press. "A lot of local newspapers have started business pages in recent years," said the Newspaper Society, which represents about 90 per cent of regional newspaper publishers.

"It is another selling point. It is a way of providing all the information that local people want."

In Cambridge, where high-tech industry is on an upswing, Thursday's tumult in the financial markets was greeted with a front-page headline in the Cambridge Evening News. "Panic in City follows bank lending shock."

"I suspect an editor three years ago would not have been so keen about that sort of story on the front page," said Mr Robert Satchwell, the editor.

London's Capital Radio, the biggest commercial pop music station in the UK, has a daily report on the performance of 20 selected shares and is looking for sponsorship for an expanded evening business bulletin.

Tip sheets—weekly and monthly newsletters with share recommendations for subscribers—have seen considerable growth already.

The Penny Share Guide, almost 10 years old, has doubled its circulation in the past two years to about 30,000. The four-year-old New Issue Share Guide has doubled in the past 12 months to 25,000.

People are turning to the stock market and thinking this is money for old rope," said Mr John Snowdon, editor of both newsletters.

There are perhaps about 20 established tip sheets in the UK and probably countless others which keep a more elusive profile.

Under the Financial Services Act 1986 anybody giving investment advice has to register with one of the self-regulatory supervisory bodies.

Tip sheets are most likely to come under the wing of the Financial Intermediaries, Managers and Brokers Regulatory Association. A deadline will be announced soon by the Government after which there will be controls on how tip sheets are run.

This may be bad news for some tip sheets but newspapers, which are not just concerned with giving investment advice, will be exempt.

The screws are being put on the money page is proving a big hit with its readers. A new City Editor, Mr Damien McCrystal from Today, starts in about a month at a salary rumoured to be above £40,000.

Mr John Kay, who is temporarily running the page, said readers were already writing in about the service.

Not only were they getting advice on what to do with their money, but it provided an alternative to the about glossy TV soap operas.

"Dallas and Dynasty are fantabulous," he said.

Realities about the real thing," he said.

should show prudence in resolving strikes and appealed to both sides to consider the impact of their actions on the future development of the country.

He also cautioned about "emerging leftists" who he said were the greatest threat to democratic development.

"Impure elements" on the left have been a recurring bogey for the Chun government though many observers and diplomats think there are few Communists sympathetic among students and even fewer among workers.

Meanwhile, strikes, particularly in smaller companies, continue to paralyse much of the industrial base either directly or by starving other companies of components.

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## UK NEWS

## Repossessions by building societies at record level

BY HUGO DIXON

**T**HREE NUMBER of homes being repossessed by building societies rose to a record in the first six months of this year, according to figures released yesterday by the Building Societies Association. This lends weight to fears that bad debt problems may be getting worse.

The association's figures also show that mortgage lending is still growing. In July, societies lent £3.4bn gross, up from £3.2bn in June.

In the first six months of the year, 11,620 homes were taken into possession, up from 10,330 in the second half of last year, when there had been a slight improvement. The latest figure is equivalent to 0.63 per cent of the total number of loans societies had outstanding at the end of June, up from 0.46 per cent at the end of last year.

The position of mortgage arrears also deteriorated, with 0.90 per cent of loans in arrears of more than six months in the first half of this year, compared

with 0.80 per cent in the last half.

However, the association said arrears were below the record level set in the first half of last year, and hoped the situation would improve as unemployment, a main cause of debt problems, continued to fall.

Societies' performance in the retail savings market was hit last month by the flotation of BAA and a strong performance by the unit trust industry. Net retail receipts were only £347m, compared with £356m in June.

The most recent figures are expected to be equally dismal. The second calls for money from British Airways and TSB shareholders are on August 18 and September 8 respectively, and the sale of the Government's remaining stake in BP is planned for October.

The poor performance in the retail savings market meant societies had to borrow £430m from the market in July, to finance mortgage lending when in June they had paid back a net £43m.

## Two Eurobond traders suspended over dealings

BY ALEXANDER NICOLL

**L**ONDON INVESTMENT Trust, a futures, options and securities trading group, said yesterday it had suspended two Eurobond traders after uncovering irregularities in their dealings.

Legal action is understood to be under way against the two, who were not identified.

The company said the incident would have no financial effect either on the company or on any of its clients.

Bailey Shatkin is mainly a futures and options broking firm with about 150 employees, but also has a small Eurobond trading operation with half a dozen dealers dealing for its own account. It is not listed as a member of the Association of International Bond Dealers, the Zurich-based trade association for the Eurobond market.

The two dealers are under-

stood to have been suspended about a week ago. This was disclosed, however, only when rumours began circulating in the market that serious losses had been incurred which the company denies.

The company said dealings had been suspended by Bailey Shatkin's surveillance mechanism at an early stage, and it expected that "swift" action taken by the management will close the incident very quickly.

Bailey Shatkin more than doubled its profits in its most recent financial year to £1.9m, out of the parent company's pre-tax earnings of £6.02m.

Paul Dupey, a US business man who became chairman of London Investment Trust after buying more than 20 per cent of the company, was yesterday on holiday in the US.

## News on Sunday names editor to oversee relaunch

BY CLARE PEARSON

**M**RS BILL NUTTING was yesterday appointed editor of the News on Sunday to preside over a relaunch of the troubled left-of-centre national newspaper planned for the autumn. He will be the fourth editor in the paper's turbulent history since its launch in April.

His appointment follows the resignation this week of Mr Brian Whitaker, the acting editor. Mr Whitaker claimed that Mr Nutting, who has been editorial consultant for the last six weeks, was producing the

paper without consulting him. Mr Nutting was brought in by Mr Owen Cyston, the socialist millionaire and architect of the estimated £8m package which saved the paper from receivership in June.

Mr Nutting, 51, was executive editor of the London Evening Standard for six years after spending five years as executive editor of the London Evening News. He joined the News from its sister paper, the Daily Mail, where he worked for 13 years.

## Moss Bros aims to suit busy executives

By Alice Rawsthorn

**F**OR MORE than a century Moss Bros has been supplying topwears and tailors to bridegrooms and race-goers. It is now turning its attention to the fashionable sphere of "niche retailing" with the introduction of the Suit Co, a chain of shops selling nothing but men's suits.

The Suit Co is intended to offer a selection of suits for busy businessmen who do not have time to trawl up and down the high street to track them. Moss Bros opened two pilot shops in London and Birmingham. It will open four more in the next two weeks and a further 14 next year.

Moss Bros has identified its target market as male executives between the ages of 25 and 40. Most of the merchandise comes from branded menswear manufacturers and designers but the Suit Co also sells own-label suits. Prices range from £79 to £299 and average £140.

The established Moss Bros business, a chain of 54 menswear shops, is directed at an older age group. For some years the group has considered plans to broaden its base by seeking younger customers. These plans were accelerated by senior management changes earlier this year, when Mr Monty Moss and Mr Manny Silverman stepped down as chairman and managing director, to be replaced by Mr Wilfred Case and Mr Peter Moss.

After years of decline the travel trade market is reviving. Competition among retailers has intensified. Marks and Spencer has continued to gain ground, while Next and the Burton Group have expanded into the market through their new chains, Next (M) and Principles for Men.

## Yamaha buys Leicester drum maker

By David Thomas

**Y**AMAHA, the diversified Japanese group, has taken over Premier Drum, a loss-making Leicester company which claims to be Britain's leading percussion instrument manufacturer.

The price paid for Premier, which is owned by managers and financial institutions, was not disclosed.

Yamaha said it wanted to establish a percussion instrument manufacturing base outside the Far East. Last year, it bought a 40 per cent stake in Kemble, a leading piano maker, in its first UK musical instrument investment.

Mr Tony Doughty, who is to continue as Premier's chairman, said the Yamaha and Premier product ranges were complementary and Yamaha's backing would help Premier increase exports. At present, about half of its 24m sales are exported.

Yamaha will also make some of its own drums at the Leicester factory which is working below capacity.

## Rural poverty research puts paid to green and pleasant myth

Alan Pike reports on evidence that inner-city deprivation has parallels in the countryside

increasingly dependent population.

Nearly half the council housing in the survey areas was occupied by families in or on the margins of poverty, while 40 per cent of private rented homes were job-led. Poorer households were most dependent on village shops where prices were higher.

Many of those involved in the Hereford diocese exercise discovered evidence that supports Mr Nutting's findings. In the statistics, looks a few that as employment in agriculture continues to decline, the problem will worsen with more younger people moving to towns and leaving behind an ageing,

Another drawback is that rural areas generally lack community organisations and enterprise agencies which provide a starting point for community and economic development in

David Churchill looks at the shadow of bankruptcy cast over the package holiday trade

## Tour operators find themselves in a hot spot

**W**HILE 3m Britons bask in the Mediterranean sun this weekend, the real hot spot for the travel trade is in London where several package tour operators are desperately trying to stay in business.

During the next few weeks operators will be faced with paying their bills to airlines and hotels for tourists currently on holiday during the busiest month of the year.

The problem will come when operators who have been trading at a loss run out of cash.

Already the travel industry is buzzing with rumours about several small operators which are likely to call in the receiver — to add to the two that went bust last month.

Such concentration is already worrying some small tour operators. Mr Keith St Clair, managing director of Sol Holidays and a leading figure in the travel trade, said yesterday: "This latest example of mergermania should worry the travel industry and shows it is becoming like a house of cards."

He claimed that the main tour operators were "intent on increasing their market share by selling holidays at ridiculously low prices, which is not in the long-term interests of the consumer."

The problem faced by Sol and other small operators is that their larger rivals are chasing volume. This month in demand for foreign holidays in the mid-1980s fuelled by rising living standards — has seen the number of package holidays sold rise from just under 5m

in 1985 to at least 11m this year.

The big three operators, moreover, have trebled the holidays they have put on offer — from 2m in 1983 to about 6m this year.

Thomson and Intasun are the clear market leaders with 19.8 per cent and 20 per cent of the market respectively. Horizon, however, has almost 10 per cent of the market before this week's takeover of Redwood Travel, which

### NUMBER OF PACKAGE HOLIDAYS LICENSED BY THE CAA

	1987	(m)
Thomson	3.75	
Int Leisure	1.81	
Horizon	0.88	
BA	0.94	
Wings	0.45	
Best Travel	0.27	
Yogotours	0.25	
Cosmos	0.25	
Falcon	0.20	
Redwood	0.15m	

\* Now part of Horizon  
Source: Civil Aviation Authority

takes its market share up to about 14 per cent.

Mr Robert Mackeson, chief executive of Horizon Travel, said: "We realised we had to increase our volume share of the expanding market and felt the best way to achieve this was through the acquisition of Wings."

Tour operators such as Wings, whose holiday companies included OSL and Blue Sky, have found it increasingly difficult to compete with the main operators on price to the same holiday destinations, such as Spain and Greece.

Wings made a loss in each of the past three years and British Airways Holidays — which trades under names such as Enterprise and Sovereign — also made a loss of £4.5m last year.

The operators that will best survive current turmoils in the travel trade are the small specialist operators who sell package holidays to particular niche markets. Sunmed Holidays, for example, which is part of Redwood Travel, has captured the large slice of the package holiday market to

Turkey — the "in" destination this summer.

The main reason for the travel trade's problems this year stem from operators' greed. The bumper summer last year encouraged operators to plan for a 30 per cent increase in the market this year.

The market, however, has grown by much less — by about 5 per cent in volume according to the most pessimistic reports and by 15 per cent according to optimists.

Holidaymakers, in fact, are likely to suffer least in the short-term from the travel trade's problems. The various bonding systems in operation mean that most holidaymakers who have booked and paid for a holiday will get their holiday on their money back.

However, it is in the longer term that problems for holidaymakers could arise. As Mr St Clair of Sol Travel said: "Once total domination of the market is achieved by the major tour operators they will be in a position to dictate prices with fear of competition from smaller tour operators who will have been pushed to the wall."

## Scientists warn on cash cuts

By David Fawcett, Science Editor

**P**HYSCIENTISTS believe there is a danger that Britain will pull out of CERN, the physics research laboratory near Geneva, as a result of the restructuring of publicly-funded research.

The new plans for science

were outlined in the white paper on civil research and development last month.

In an open letter to CERN scientists say they believe a government decision on funding for particle physics is imminent.

CERN, the European Laboratory for Particle Physics, is a 12-nation centre specialising in the fundamental nature of matter and energy.

It has an annual budget of more than £300m with West Germany making the biggest contribution of 25 per cent.

A report by the Advisory Board for the Research Councils, which accompanied the white paper, concluded that spending on particle physics was too high.

Britain's subscription to CERN this year is £58m, 9 per cent of the total science budget.

The advisory board's report proposed that the contribution to CERN should be halved, to a maximum of £30m a year.

The existing senior management is expected to form the board of the privatised company, with employee shareholders represented by Mr Christopher Cumberbatch, managing director.

The company was part of the Northampton-based United Counties Omnibus, which was split into three by the National Bus Company at the beginning of the privatisation process.

The Government is already being lobbied intensively by space scientists following a recent decision not to expand the UK space science budget.

The physicists from the CERN-UK working group say in their letter that without research into particle physics, "other areas of scientific research have no bedrock on which to build an enduring edifice of understanding and benefiting human needs."

## Ford to build £10m research plant in Essex

By Kenneth Gledhill, Motor Industry Correspondent

**F**ORD IS to build another technical centre at its research and engineering establishment at Dunton, near Basildon, Essex. It will cost about £10m and provide additional facilities for Ford's electrical and electronics operations section.

The section's European headquarters was opened at Basildon in 1985 at a cost of £1m.

Construction of the centre will start in the autumn and should be completed early in 1989.

Ford said yesterday the centre would conduct research into the design of engine management systems, spark plugs, the development of in-car entertainment components and systems, fuel pumps and instrumentation. It would also provide technical liaison offices for Ford's plastics and glass operations.

Nearly half the 51,000 sq ft of floor space would accommodate design workshops, engine test cells, chassis dynamometers and development laboratories, which Ford says will incorporate the most modern facilities in Europe.

This is the second investment project to be announced for Dunton in the past year. Ford is also spending £5.5m to extend the vehicle emissions laboratories there.

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## Rodgers attacks Owen's stance

By OUR LABOUR CORRESPONDENT

**M**ISTER BILL RODGERS, a co-founder of the Social Democratic Party, predicted last night that 90 per cent of members would join a merged Alliance and that any fourth "rump" led by Dr David Owen would be squeezed out of existence.

In an open letter to party members, Mr Rodgers, who is chairman of the Yes To Unity campaign for a merger with the Liberals, attacked Dr Owen for laying claim to the SDP in spite of a ballot showing a majority of the party in favour of merger.

He said Dr Owen's idea of an amicable separation was a non-starter. The former Labour Cabinet minister said the whole SDP membership "will be unorganised if those who lost

## UK NEWS—LABOUR

# Councils may consider quitting bargaining system

By DAVID BRINDLE, LABOUR CORRESPONDENT.

LEADERS OF local authorities in southern England may consider pulling out of the national pay and conditions bargaining structure at a meeting next week.

The unprecedented meeting has been called following the outline 10.8 per cent national pay deal for 1m council manual workers. Some Conservative-controlled councils believe the deal gives too much for too little in return.

Mr Gareth Gimblett, chairman of Berkshire County Council and of the Association of County Councils' manpower sub-committee, said yesterday that the meeting, in Taunton on Wednesday, was to look for "ways round" the deal.

However, it is not clear how much support there would be for a breakaway from national bargaining. Lincolnshire Council is said to be pressing for

believe that they feel, then I think they will move outside the national agreement."

The manual workers' deal, still subject to final union approval, provides for local negotiations on flexible working. It does not meet the employers' original aim of removing from the national agreement the stipulation of premium payments for regular weekend working.

Next week's meeting of the chairmen of the local authorities' provincial bodies for the south, south-east and southwest is likely to consider ways in which county councils could band together in negotiations on the premium payments.

Advocates of the manual workers' deal say it gives councils every chance to negotiate job and pay flexibility locally in anticipation of the compulsory competitive tendering regime being introduced by the Government.

## British Coal names risk pits

By CHARLES LEADSEATER, LABOUR STAFF

**BRITISH COAL** yesterday named six pits in the Yorkshire coalfield employing about 5,400 miners which could be closed should miners support a plan for rolling strike action at branch meetings this weekend.

Mr Albert Tuke, North Yorkshire area director, warned that strike action would increase the pits' already heavy losses and make them closure inevitable. He said the South Kirkby, Redbrook and Woolley pits in the Barnsley area, and the Prince of Wales colliery at Pontefract, which together employ 3,000 workers, were the most at risk.

Mr Ted Horton, South Yorkshire area director, said the long-standing Barnsley Main and Hatfield collieries employing 2,400 miners, would be边缘化.

Branches will meet this weekend to discuss the recommendation of branch officials from throughout the coalfield to consider industrial action in protest at disciplinary measures taken against Mr Ted Scott, a branch official at Stillingfleet colliery. Mr Scott met senior union officials yesterday to consider how to respond to the corporation's offer of a job at another colliery.

Branch activities in the Yorkshire coalfield said the branches would consider plans for a series of rolling one-week strikes in different parts of the coalfield or some form of overtime ban linked to one-day strikes.

The plan has not been publicly endorsed by leaders of the Yorkshire area of the National Union of Mineworkers.

Mr Horton said that during the past month the South Yorkshire coalfield had been remarkably quiet, with only one shift lost through industrial action and all other disputes settled through negotiation.

## Flexible pay plan for speech therapists

By OUR LABOUR CORRESPONDENT

THE TREND towards greater pay flexibility in the National Health Service was consolidated yesterday when the Government and health authorities tabled proposals for 3,000 speech therapists.

The predominantly female profession is, as expected, set to receive "substantial" salary increases in response to the campaign mounted by ASTMS, the white-collar union, which culminated this week with the submission of 1,200 claims for

equal pay for work of equal value.

However, the rises will be conditional on acceptance of a fresh grading structure which will allow health authorities the discretion to pay staff according to individual and local factors.

At present speech therapists are graded according to staff numbers and populations served. Basic salary rates range from £7,368 to £9,720 for most staff; the equal-value claims being for double these rates in many cases.

Yesterday's offer does not quantify the "considerable" increase envisaged, but it proposes that revised four-grade structure takes effect from next January, with lump-sum payments to compensate for the lack of an increase last April, as scheduled.

The offer says that grading would be carried out according to the size and nature of the speech therapy service provided, the individual's responsibilities and the specialist expertise required.

## Recognition of NUJ ended at Today

By Our Labour Staff

THE TODAY newspaper has ended its informal recognition of journalists at its headquarters in London following its purchase by Mr Rupert Murdoch's News International group.

Further, while critical of the deal, the Government has stopped short of repeating last year's call for councils to pull out of national negotiations if they disapproved of bargains being reached in their names.

Advocates of the manual workers' deal say it gives councils every chance to negotiate job and pay flexibility locally in anticipation of the compulsory competitive tendering regime being introduced by the Government.

"We are not going to return to the bad, mad, sad days of Fleet Street here. We are going to do for our journalists what the NUJ has failed to do by giving them the status of other professionals, such as doctors and solicitors," he said.

"The NUJ has betrayed every journalist in the country by failing to negotiate for them the proper rewards of new technology and preferring instead to lie down with the NGA and Sogat (the print unions)."

The move is likely to rekindle conflict between the NUJ and News International that flared when Mr Murdoch moved production of four of his titles to the company's plant at Wapping, east London.

Mr Montgomery said yesterday that News UK had made the decision alone without any input from the NUJ. In a statement, the NUJ said it had been recognised in the Times, the Sunday Times, the Sun, and the News of the World — all of which are produced at Wapping.

Mr Eddy Shah, the original owner of Today, granted recognition to the NUJ chapter (office branch) at Today at the time of the newspaper's launch 18 months ago, but a formal agreement on staff conditions has never been negotiated.

Mr Montgomery's announcement yesterday followed an attempt by chapel officers and Mr Mike Smith, the NUJ's national newspaper organiser, to press for the newspaper's incoming management to re-open talks on an agreement.

Mr Walter Mason, the father (chairman) of the chapel, was said by a chapel officer to have been told that he faces dismissal if a chapel meeting next Friday disrupts production of the newspaper.

Essential information for corporate treasurers, financial directors, bankers, auditors and other advisers involved in the volatile financial market.



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Saturday August 22 1987

## Hot weather indigestion

ALTHOUGH followers of the London market would hardly suspect it, the developed world economy is going through unusually calm water at the moment. Growth is exceeding forecasts in Britain and Japan, and apparently meeting the Administration's hopes in the US, although these were until recently dismissed as impossibly optimistic. At the same time inflation outside the asset market remains at bay, with commodity prices softening after their strong rise.

Looking further ahead, not even the professional worriers seem to find much to exercise their talents. The OECD in Paris is modestly revising its forecasts upwards. The National Institute in London, despite its habitual pessimism, is also revisionist, while others about over-heating in the UK are overdone, and the forecast deficit on the current account looks manageable.

If it's true the National Institute does warn that both the dollar and sterling are overvalued, but this is hardly a crisis warning. Substantial depreciation is already discounted in the market, and the recent large interest rate margins to persuade them to hold dollars or sterling. As a result, the quite sharp slide in the dollar in the past few days seems to be causing little excitement.

### Signs of collapse

Why, then, has the London market been showing signs of imminent nervous collapse? It is now well over 10 per cent down from its post-election peak, while Tokyo and Wall Street have recovered to historic highs, and in the past two weeks London has been shocked twice by the same news. It over-reacted when the authorities raised interest rates for undisclosed reasons two weeks ago, and was shocked all over again when the bank lending figures showed what the reasons were.

The almost shame-faced rally yesterday afternoon was a sort of confession, but the illogical pattern of price movements is a more telling exposure of the half-panic among the market makers.

If the market fears inflation, then equities should be strong; they have an underpinning of real values. If, on the contrary, it fears strong Government action to check inflation, then long bonds, which are discounting inflation, should have risen rather than fallen. The fact that prices fall across the board simply means that market makers have been engaged in their own game of pass the parcel.

In the days before Big Bang the jobbers, who had a comfortable near-monopoly, used to say that the first rule of sound jobbing was to avoid becoming an

SUMMER is a hard time for the oyster growers of Brittany. As if it were not enough that sales of oysters die off because there is no sun in the month, the summer also brings tourist cruisers spending the past the oyster beds in the Gulf of Morbihan and washing away the delicate shellfish.

For the Breton oyster growers the problems of the summer months are just another in the catalogue of woes which have battered their industry. For fifteen years disease, water pollution and poor marketing have conspired to keep prices stagnant at FF 8 to FF 9 (80p to 90p) a kilogramme.

Consumers in Paris may grumble at the claim that prices are inadequate. They pay FF 38 to FF 58 a dozen, depending on size.

Oyster growers have been complaining about prices for generations, and the problem is not likely to go away. In 1986, according to a study by Mr Pierre Dalido, the mark-up on oysters in a Paris restaurant was 370 per cent over the price paid to the producer.

"You can live decently, but not comfortably, on 30 tonnes of sales a year. And with these prices, you certainly don't dream of fast cars or holidays in the Caribbean," says one oyster grower.

The growers' main problem is their product. Expensive for the consumer, hard to open, with a flavour that is not to everyone's taste and a reputation for producing violent stomach disorders, marketing is clearly a problem.

"The oyster is not a product of the first necessity. Everyone is going to eat a potato sometime in their life, but they can very well get by without ever eating an oyster," says Mr Bernard Lorgeoux, president of the south Brittany oyster growers.

The difficulty for the consumer of even getting at the product is often underestimated by the professionals of the industry, Mr Lorgeoux believes. When faced with the choice of gashing their hands on an oyster shell or snipping open a cellophane packet of smoked salmon, only the more devoted gourmet plumps for oysters.



## The world, alas, is no longer your oyster's

By George Graham in Paris

"Not everyone can do it. If we could find a miracle gadget we could sell 25 per cent more oysters overnight," he says.

The growers have sought help from producers of kitchen equipment, and various mechanical and electric oyster knives have come onto the market. None have really worked.

Many professionals still find the most efficient tool is the Opinel, the basic pocket-knife of millions of Frenchmen with its cherry-wood handle and ring to lock the blade in place.

The threat of a bad oyster also poses problems, although the French or the Belgians have nothing like the conviction of the British that every other oyster is bound to be off.

In winter, the fear is reduced because of the cold weather. It is in any case the best time for selling oysters, and Christmas and New Year are the two sales peaks.

Supermarket chains are the dominant buyers in this season,

taking up to 40 per cent of output;

Increasingly, growers have started selling oysters in summer, meeting a demand from holidaymakers who want fresh seafood during their stay on the Brittany coast.

Paris restaurants, too, sell to tourists in August, although the take-away trade of the street-corner oyster seller dies off almost completely.

But many connoisseurs find oysters less agreeable between May and August, since the months without an "r" are those in which they reproduce.

The burden of eggs gives the oyster a milky flavour which is not always pleasant.

The oyster industry in Brittany began to take shape in its modern form in the 1850s and 1860s, under the Emperor Napoleon III. The idea was to cultivate the shellfish scientifically, rather than simply culling the natural beds.

There are now around 1,475

oyster growers in the region, with some 4,500 hectares of exploitable oyster beds. It is overwhelmingly a family industry.

Despite the advances of the past century, even today the growers does not control the entire life cycle of his product.

He must capture seed oysters

from millions laid in the wild—of which only a handful would reach maturity naturally—by attracting them to strategically placed tiles which take the place of the rocks they would normally settle on.

The seed oysters are then laid in special beds, protected from predators such as crabs and barnacles, before final fattening and sale.

Brittany oysters, usually named after the town of Belon regardless of their precise origin, are at the gastronomic pinnacle of the industry. Renowned for their delicate taste and texture, they are valued well above the highly fertile

As Britain cools off from Madonna-mania, Antony Thorncroft looks at the economics of pop

## Bands of hope, few of glory



**I**N NOVEMBER 1983 the publicity department at WEA Records in London had a problem—how to cajole the press to come and review the first British appearance of a blonde and brassy American singer called Madonna. In the event they did not manage it, and this minor historical milestone passed relatively unnoticed.

This month the same department had the even bigger problem of coping with the mass hysteria generated by Madonna's second appearance in the UK. This time very little information was released, which enabled the press to fantasise to its heart's content. And this time, almost 300,000 people watched the star's four performances, generating revenue of around £45,000.

The sale of Madonna merchandise at the concerts will contribute at least another £500,000.

The expenses are equally monumental. Transporting 375 tons of equipment and a back-up team of a hundred (including her own chef) across the Atlantic, plus the booking of venues like Wembley Stadium, which now charges £180,000 a night for its vastly improved facilities, will have eaten up around £1.5m. In addition, the Island Revenue will take 27 per cent of Madonna's earnings from the tour.

Even so, the 29-year-old from Michigan has been paid well for just over six hours of strutting the stage. More to the point, her tour has given a boost to her latest record "Who's that girl," which has recently slipped in the charts. Her movie of the same name, which opened to disastrous reviews in the US will also pull in more fans on the trail of the publicity.

Madonna is among the top earning pop stars of all time. In just five years she has chalked up record sales of 55m compared with the Beatles' 100m in a much longer career.

The currency markets are volatile for much the same reason. It may sound like a mad socialist heresy, but that is in part what the Bank of England has been doing in the past two weeks, while the Bank of Japan quite sensibly stuck to its guns on the tilting money line.

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Only a few hundred of the aspirants will get a toe-hold on Madonna's ladder. On the lower reaches of this ladder, they can only be sure of losing money. They start by playing in pubs and clubs, perhaps for nothing,

perhaps for a collective fee of £40. But to make any impact, a band needs to hire sound and lighting equipment which might cost £100,000 or more, look after it all. By then, live appearances a coterie of loyal supporters can be created and whispers of talent might begin to reach the ears of a record company scout.

If the band is good—and lucky—it may be asked to make a record, another major expense. Of the 150 or so singles released each week, only a handful make a profit. A total of 67,400 singles were sold in the UK last year, 9 per cent fewer than in 1985, and on average each lost around 0.1 of a penny.

Unfortunately for the aspirant groups, the cost of the expensive single has risen dramatically in the past five years. According to Mike Heap, former chief executive at WEA who now runs Legend, his own company, the cost of issuing a single has trebled since 1982 to £30,000. Production of a video to promote the single regarded as almost essential for success, accounts for 10 per cent of the increase. But the main boost has come from the cost of hiring a top value producer. This is the age of the producer, and the best talents command £8,000 for three days work.

In the week that Madonna rampaged through the UK Deacon Blue released their third single. They are a Glasgow band which, in the opinion of most aspirants, has made it. Their talent was noticed by Peter Felsted, who runs a small pop management company and who became the Beatles' manager in 1986. He was very impressed by lead singer and songwriter, Ricky Ross, signed him up, put new musicians around him, and approached his contacts in the record industry. CBS was impressed enough to offer the band an eight album, five-year contract last August, with an advance of £250,000 for the first year.

It sounds marvellous, but in practice the contract has many drawbacks. CBS can drop the band after the first year and demand £250,000 an album had to be created to meet the event. The first Deacon Blue LP cost just under £100,000 to produce, something of a feat. The rest of the money pays for touring costs, the wages of the "humper" sound man, and organiser. The six musicians receive around £120 a week each. So far, the first album has sold 30,000 copies worldwide.

Portuguese oysters grown further south at Arcachon and Marennes.

In the 1970s, however, disease struck the Brittany coast, wiping out 90 per cent of the stock of native oysters, or "plates."

Production dropped from a peak of 18,000 tonnes a year to only around 300 tonnes last season, the weakest for some time. Government sponsored efforts to revive the "plate" have not withered, but success at last, on the north Brittany coast. But in the main oyster-growing area of the Gulf of Morbihan, to the south, the marlilla and bonamia parasites continue to wreak havoc.

Efforts have been made to rebuild stocks with the Japanese "creuse," a coarser oyster which fetches only a third of the price of the "plate."

Brittany now produces an average of 18,000 tonnes a year of "ceruse" oysters, nearly an eighth of France's total production.

However, the "creuse" will not breed in the cold waters of Brittany, so Breton growers have to go south to buy or capture their seed oysters, increasing costs.

And as they are still regarded as relatively new in the "creuse" market, Breton oysters have difficulty competing against older-established centres like Marennes, further south in Charente. Over half

of Brittany's total oyster production is now sent away for the final fattening and then sold under the Marennes label.

Marketing is the big problem. We have to get the Breton oyster better known," comments Mr Herve Jeant, an oyster grower at Carnac Le Po.

"The Breton oyster is not yet generally recognised for its superior quality. We have to put into place a strong commercial structure to sell our oysters with the Breton label," adds Mr Lorgeoux.

Best of all would be the discovery of a cure for the marlilla and bonamia parasites, allowing the "plate" to make a comeback. But oyster growers are not yet dreaming of that, any more than they are of the miracle oyster opener or the Caribbean holiday.

All the profit goes to CBS to help cover its investment. Only when it has sold 400,000 copies will the band start to make money, receiving between them around \$89 from the average album selling price of \$5.99. CBS plans to renew the Deacon Blue's contract. There has been overseas interest—in Australia and the Netherlands—and the album is due to be released in the US in January. It also has "cross-over" potential, the most sought-after quality in the record industry—meaning that the music could be popular with the affluent 25-year-old age group, as well as with impoverished teenagers.

For Deacon Blue, it has been a year of constant touring, with four or five gigs a week, to build up a following, and to sell the vital studio records which lift the singles up the charts and closer to the Radio One play list. Deacon Blue have had all the outward recognition of pop stars with, as yet, none of the financial rewards.

While the band waits anxiously to see whether its challenge for the pop jackpot will succeed, another group, which on the surface has already justified its ambitions, is experiencing some equally tense days in New York. Curiosity Killed The Cat, the first album, released in April, went straight to Number One, a remarkable achievement.

And the commitment was needed. When Curiosity released their first single "Misfit," the ladies were lucky. Mr Rosengard had connections. He persuaded two friends to come in on the venture. Within a week, £25,000 had been invested in the band.

Mr Rosengard failed the boys. He needed a few weeks extension before he got the contract. But by that time two companies, the major Phonogram and the small independent China, were both chasing Curiosity, having acceptance among the 40 records that the Radio One DJ's play constantly is almost essential for chart success such a setback was a great blow. Without a record contract within a year there was no further commitment.

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It took Mark Howell of Phonogram, who had a personal relationship with Mr Rosengard, to get the single on the BBC airwaves. After that Curiosity has scarcely paused for breath, and Mr Rosengard and his backers can enjoy their ride on the pop music roller coaster. He still sells insurance.

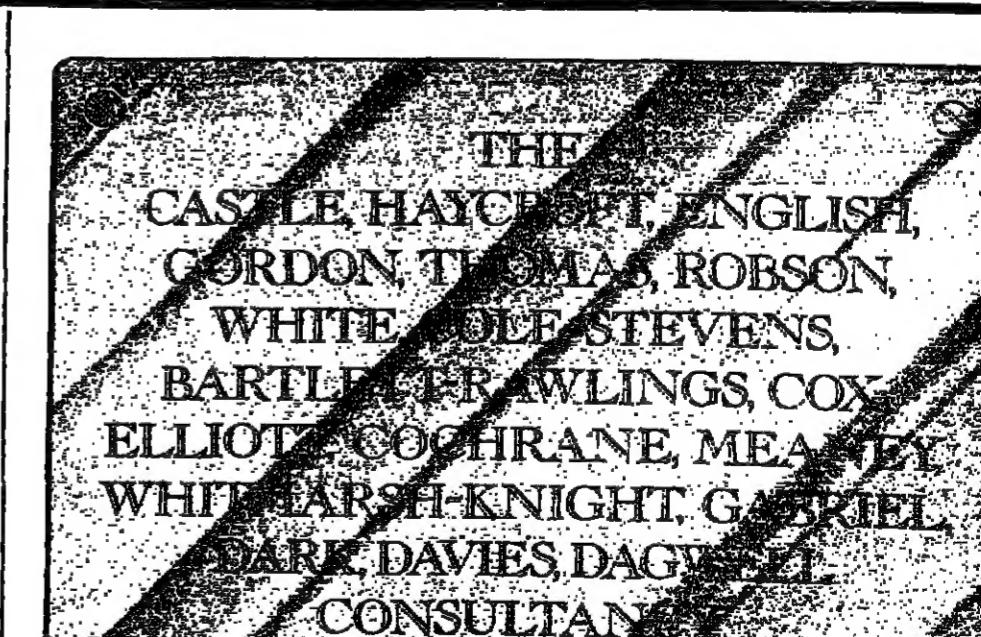
Most of the money is wasted, but the rewards can equal the great cost of production of a session. Michael Jackson is about to launch his new album, "Bad." His last major success, "Thriller," has sold 40m copies with a total turnover of around £200m. Mr Jackson, who has the highest royalty of any recording artist, will have banked almost £100m of this. It is such facts that keep the pop fantasy world spinning.

the ubiquity of the English language. Last year British artists established nine number one singles in the US, and 40 of the 100 best-selling singles in Europe. If a band is signed by a record company in the UK its associate companies abroad take notice.

This makes Britain the powerhouse of the international pop music business. It explains why companies here are prepared to go to such extravagant lengths to create stars—paying up to £20,000 for a new band to accompany a major artist on tour, investing over £100,000 in advertising and promotional campaigns for musicians who have never performed in public and employing teams of pluggers to pester disc jockeys.

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Curiosity and Deacon Blue, and all those thousands of would-be British pop stars, share one advantage over like-minded youngsters in other countries. British pop retains its overriding reputation, created by the Beatles and reinforced by



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**PICTIONARY**, Ding-Bats, and Quotations—adult board games which no self-respecting yuppie can afford to be without within the month's villa holiday in Turkey or Tuscany.

All three were launched yesterday by game manufacturers competing to find a successor to Trivial Pursuit, the most popular board game of the 1980s.

The big three players—US multinationals Kenner, Parker and Milton Bradley and Britain's John Waddington—will spend millions between now and Christmas in advertising and other forms of promotion.

They want to capture bigger share of the adult board games market—worth an estimated £70m a year, according to the Mintel market research company.

The attraction is not only that it is one of the few real growth sectors in the toy trade, but also that adults are willing to pay £20 or more for the

games—considerably more than the average expenditure on games for children. They are also high-profit sellers.

It is certainly one of the most attractive markets for us," says Nigel Young, marketing director for Kenner Parker, which introduced Trivial Pursuit to the UK.

The game was a marketer's dream—the right product launched at the right time to a market which nobody previously thought existed.

It was conceived by three Canadians and launched on to the American market in 1982.

Just when people were beginning to tire of video and other electronic games, these games were often rather solitary, played against microprocessors

rather than other people.

Trivial Pursuit, which involves players asking trivial questions of each other and moving their markers around a board, offered something different.

"Before Trivial Pursuit, board games were considered to play," says Mr Young. "But now they are recognised as creating the right environment after dinner or at a party, like most copycat products, achieved only limited success."

Among the multitude of games launched in America, however, was one called

highly successful," says Mintel in a recent report on the market.

Whatever the reasons, Trivial Pursuit proved a world-wide success: at the latest count it is available in 28 countries and in 18 languages. In the five years since it was launched some 50m sets have been sold throughout the world—\$1m in the UK.

Many companies tried to copy the Trivial Pursuit formula and, like most copycat products, achieved only limited success.

"The combination of general knowledge skills and social interplay that Trivial Pursuit

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## UK COMPANY NEWS

**START OF DISPOSALS TO FUND INVESTMENT YIELDS £80m**

### Asda sells bulk of fresh foods side

By Lisa Wood

Asda-MFI, the British retail and food group, sold most of its Associated Fresh Foods (AFF) business for £80m cash. A management buy-out team, supported by Investors in Industry, has bought the dairy division for £65m. Van den Bergs, a subsidiary of Unilever, the Anglo-Dutch consumer products group, has paid £15m for the cheese-manufacturing division.

The sale is the first of three intended by Asda-MFI. Last month the group announced it was selling its Allied carpet and MFI furniture stores.

The group plans to use the disposal proceeds to help fund a £1bn investment programme into its Asda stores.

Mr David Gransby, a director of Asda-MFI, said preliminary bids for MFI and Allied closed yesterday with a number of offers from both at home and overseas. It is understood that management buy-outs have been put forward from both MFI and Allied.

### Ashcroft in US ready for talks with ADT

By Clay Harris

Mr Michael Ashcroft, chairman of Hawley Group, has gone to the US to be ready for entry talks with ADT, security services group for which Hawley launched a £635m (£400m) takeover offer earlier this week.

Hawley's advisers said yesterday that lines of communication had been established between the two companies but had not yet been used.

ADT, which has kept a discreet silence on the approach apart from a brief statement of acknowledgement yesterday, refused to say if or even that far. "We are still in the studying stage," said Mr Ed Liddy, chief financial officer.

ADT shares have soared this week above Bermuda-registered Hawley's \$47 cash offer. They were \$4 higher at \$51 in early trading yesterday. In London, Hawley shares closed 14% lower at 153½p.

### Rothschild plans date for Anglo Leasing float

By Nikki Tait

Mr Jacob Rothschild, chairman of investment company J. Rothschild Holdings, told shareholders at yesterday's annual meeting that the flotation of its Anglo Leasing subsidiary will probably go ahead in September — subject to market conditions.

Anglo Leasing was acquired in 1972, and is in J. Rothschild's books at £22.2m. Estimates have suggested that the company could sell it for £100m and more than double that. It is a major office-equipment leasing company in the UK, with the annual value of leased equipment put at £64m and profit of £4.6m.

Shareholders yesterday renewed the company's powers to buy its own shares — up to 54.2m over the next 12 months at prices below 50p. To date, Rothschild has bought 11.75m at 35p at a total cost of £13.85m. In the 1986-87 financial year, the figures were 45.9m and £32.9m respectively.

### Ryan Hotels offer talks terminated

By Fiona Thompson

Ryan Hotels, Irish hotel, tour and travel operator, said yesterday that talks began earlier this month on a possible offer for the company had now ended.

The group, which has a string of hotels in Ireland including the Gresham in O'Connell Street, Dublin, announced on August 13 that it had received an approach that might lead to an offer.

It refused to give any further details then, and maintained the same position yesterday, refusing to comment on speculation concerning Trusthouse Forte, which runs the prestige Shelbourne Hotel in Dublin.

Ryan reported pre-tax profits of £11.5m in the year to October 31, 1986, down from £11.52m. Market capitalisation is a little less than £23m.

### Ovoca Gold to raise £410,000

Ovoca Gold Exploration, decided to raise approximately £640,000 by a non-renounceable offer to shareholders of 1,231,887 new ordinary shares at 35p (Irish) each, on the basis of one new ordinary for each three ordinary held. The issue is fully underwritten. The offer closes on September 11.

The directors have approved the offer to shareholders for the following reasons: to provide funds for the group's exploration, survey and mining activities in Ireland and Brazil; to enable the group to participate in the purchase of interest in new properties and possible joint ventures.

A major drilling programme will begin on the Morro Pelado gold prospect in Brazil next month. The company is encouraged by the results of its exploration activities to date on this property.

The management buy-out of the dairy division is headed by six executives from AFF who have a 10 per cent equity stake in the business.

Investors in Industry has provided the mezzanine debt and underwritten the equity element in conjunction with Prudential Venture Managers and SPH Equity Investors. Standard Chartered Bank has underwritten the medium-term loan and working capital facilities. Both the equity and medium-term debt elements of the financing will be syndicated over the next few weeks. The purchase price includes repayment of £2m of inter-company loans.

The business based in Leeds, is a major supplier of liquid milk and milk products in the UK. In the year to May 1987 it had a turnover of £12.24m and an operating profit of £8m. Net assets are valued at £23m.

Mr Frank Blake, the new managing director, said: "We hope to bring this new company to the stock market in three

years after we have demonstrated growth as an independent company." He said movements in profits for the division as a whole — which fell in the year to May 1987 compared with the previous year — were attributable to adjustments in inter-company trading.

Mr Blake said he intended to develop the company's door-step milk deliveries, its added-value products and trade with other retailers.

Van den Bergs has bought the hard cheese manufacturing plant at West Marton. In the year to May 1987 it had a turnover of £23.3m and an operating profit of £1.5m. Van den Bergs, a major cheese manufacturer, started importing soft cheeses into the UK this year from a Unilever subsidiary in Bavaria, West Germany. The company said: "In order to expand in the UK cheese market we needed manufacturing facilities."

Asda-MFI, advised in the disposal by County NatWest, has

retained Associated Fresh Foods' meat operations in west Yorkshire because virtually all its output goes to Asda stores.

The assets sold accounted for about 80 per cent of AFF's £11.8m 1987 operating profit.

By Clay Harris

Plessey, the UK electronics group, is discussing the sale of its computer peripherals subsidiary with Distributed Logic Corporation (Dilog) of California.

Plessey has made it clear for some time that it did not regard its computer peripherals business as a core part of its business.

The decision to sell it is part of its strategy of concentrating on high technology activities in defence, telecommunications and

components: in June, it also put its connector business up for sale.

Plessey's peripherals business makes and markets enhancement to the Digital Equipment Corporation computer range.

It employs 322 people worldwide, 100 of which are in the UK. Its main locations are Irvine, California, Worcester, UK, and Toronto, Canada.

The business last year had sales of about £30m. It has

been loss-making for some time: in the quarter to the end of June, the results of which were reported on Thursday, Plessey peripherals lost £0.4m on sales of £2.3m.

Final agreement between Dilog and Plessey has not yet been reached. Dilog makes disc tapes and communication controllers for the computer industry: it had sales of \$10m in the first nine months of this fiscal year.

The disposal of assets relating to the business will end at the end of 1988 and beginning of 1989 was progressing and the directors believed that the proceeds would be aggregate and after taking into account relevant tax credits be not less than values attributed to them in the balance sheet at the end of 1988.

In December Ault sold its printing inks division to Dainippon Ink and Chemicals of Japan for £16.25m and its paints businesses for £9.3m to Berger Jonson and Nicholson. In February of this year the printing inks

division of Anil's Warwick International subsidiary was bought by its management in a £2.25m deal.

Gross profits amounted to £5.5m (10.46m); contribution costs fell from £1.5m to £786,000, administration costs topped from £7.05m to £1.71m; redundancy, closure costs and other exceptional items were nil compared with £228,000 last time.

Operating profits totalled £4.47m (£1.84m); interest receivable, £527,000 (£24,000); interest payable, £589,000 (£1.29m); tax, £1.56m (£40,000). Extraordinary items rose sharply from £74,000 to £1.65m.

The company, 83.4 per cent owned by Sun Chemical Corporation of the US, is planning to change its name to Segura.

### North Sea Assets can no longer support BUE

By Fiona Thompson

North Sea Assets, the Edinburgh-based investment trust, announced yesterday that the needs of its subsidiary, British Underwater Engineering, were such that NSA could no longer provide the necessary support.

Since then, the company said, projections studies have shown that in addition to the capital reconstruction, BUE needs a substantial equity injection.

Guarantees provided by NSA and in March valued its share of the company at £800,000. BUE has a substantial debt burden. Its fixed assets were listed in the September 30 1986 annual reports as £24m. After deducting net current liabilities of just under £7m and long-term debt provisions of £16.5m, shareholders' funds totalled £60,000.

In that report, NSA said it intended to provide the necessary support.

### Jackson Exploration cuts losses to \$637,000

Jackson Exploration, oil and gas production group based in Dallas, Texas, cut its losses to \$637,000 (£393,000) for the half year ended June 30 1987, compared with \$10.78m (£6.64m) previously.

Revenue for the six months amounted to \$1.23m (£82.16m). Jackson探索 took \$1.32m, against \$1.21m.

The directors believe that the time is now right for the company to adopt a more expansionary policy. Further acquisitions were under review with the objective of rebuilding reserves and acreage to enable full advantage to be taken of any increases in energy prices in the early 1990s.

The directors also announced that conditional agreement had been signed to purchase a subsidiary of Inoco, which owns oil-producing properties in Columbia.

### COMPANY NEWS IN BRIEF

WILLIS FABER'S offer for the rest of Stewart Wrightson has been accepted by holders of 34.96m Wrightson shares (78.71 per cent of the share capital). Faber now holds 57.01m shares (83.31 per cent). The offer is extended until 3pm on Friday August 28 in order to receive required consent from the Pennsylvania insurance authorities in relation to Wrightson's Pennsylvania insurance company.

JOHN J. LEES chairman, Mr Andrew Sim, yesterday told the annual meeting that the acquisition of Fullers of Greenock was

proceeding satisfactorily. He added that sales at Lees were 14 per cent up on this time last year; at Heather Cameron they were up 23 per cent; at Tay Valley they were up 30 per cent; and a new factory had been purchased at Coatbridge.

WHITTINGTON ENGINEERING is acquiring E. & J. Leek (Holdings) through its subsidiary J. W. Bonser for £200,000 cash. In 1986 Leek incurred pre-tax losses of £554,000. The vendors have warranted that at completion net assets will be

### Schroders takes legal action over PPL listing

By Clay Harris

SCHRODERS, the merchant bank, has begun legal proceedings against accounting firm Deloitte Haskins & Sells over the listing particulars of PPL (Holdings), the computer software company which called in the receiver of its financial services unit.

The action by Schroders also agreed to pay £2m in shares to Nasco, parent of a reinsurance broker which will be merged with Dewey. It is unlikely, however, to pursue the recently demerged insurance interests of Hogg Robinson when a six-month bid freeze expires in February.

The US-quoted company also agreed to pay £2m in shares to Nasco, parent of a reinsurance broker which will be merged with Dewey. It is unlikely, however, to pursue the recently demerged insurance interests of Hogg Robinson when a six-month bid freeze expires in February.

The heavy two-day rights issue had been significantly reduced by Nasco, which suspended its 25p, compared with the 26p at which shares were suspended on July 17. The shares are expected to resume trading on September 9.

Although Schroders filed the claim in the High Court as trustee for Legal & General and Provident Mutual, which own 165,000 and 290,000 PPL shares respectively, it said: "It is our intention in any settlement that may be forthcoming to serve the interests of all shareholders who may have a valid claim for damages."

Mr Matthew Patient, Schroders' technical partner, yesterday confirmed that proceedings had been started. The firm had taken legal advice from counsel and independent accounting advice from Ernst and Whinney.

In a statement yesterday, Mr Patient said: "We do not accept that the notes were incorrectly taken in the September 1985 accounts nor do we believe that the contents of either those accounts or the prospectus had any impact on the failure of the company. That arose from lack of sales and excessive expenditure in 1986."

The contentious areas such as accounting for income and cash flow were fully discussed by the directors with Schroders and ourselves at the time of the flotation. Schroders acted as merchant bank in the flotation."

"We believe nothing was hidden from Schroders at the time of flotation. We are surprised that Schroders is proceeding with this action. It will indeed take some years to resolve."

PPL called in the receiver only 11 months after joining the main market through a placing at 145p which valued the company at £8.3m. Its shares were suspended at 51p last November.

### Angel walk sold

Scottish Metropolitan Property has purchased the Angel Walk shopping centre from Charterhall Properties for over £2.2m. The company believes the centre will provide great potential for future rental and capital growth. Most of the rents fall to be reviewed over the next two to four years.

The company is also predicting a good return on investment from the new Broadway centre, the principle shopping area of Coalville, north Leicestershire. The centre was purchased for £7m from County and District Properties.

### Burns-Anderson sells Knibbs

By Clay Harris

Burns-Anderson yesterday completed its transition to purely financial services company by agreeing to sell Knibbs Manchester-based group of motor dealers, for £225,000 to privately-owned Dean Smith Garages.

With the retention of a £250,000 intra-group dividend for current shareholders and repayment of £230,000 is loan to the parent company, the deal is worth a total of £1.6m to Burns-Anderson. Knibbs holds Fiat, Citroen, Lancia and VW-Audi franchises in Greater Manchester and north-west England.

The latest sale raises to £10.1m the proceeds of Burns-Anderson's disposal programme which began with the installation of management only two months ago. Further pre-sale assets are expected to fetch another £420,000.

The company meanwhile has abandoned plans to drop the Burns-Anderson name in favour of a new identity centred on ICI chairman, Sir John Harvey-Jones, to the non-executive role at Burns-Anderson.

Sir John will act as a high-profile spokesman for the company's "branded" network of independent financial advisers.

### Dewey Warren in £65m cash call to fund expansion

By CLAY HARRIS

Dewey Warren Holdings, the Lloyd's insurance broker through which Mr Robert Holmes a Court holds nearly 5.2 per cent of Morgan Grenfell, yesterday launched a £64.6m rights issue to fund acquisitions and develop its financial services unit.

The US-quoted company also agreed to pay £2m in shares to Nasco, parent of a reinsurance broker which will be merged with Dewey. It is unlikely, however, to pursue the recently demerged insurance interests of Hogg Robinson when a six-month bid freeze expires in February.

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## APPOINTMENTS

## CONTRACTS

## Chairman of NM UK

## Fuel for Falklands

Mr E. L. Bellamy has been appointed chairman of NM UK, the holding company for NM Schröder Financial Management. Mr E. W. P. Wetman remains on the board of NM UK.

James Beattie has appointed Mr Malcolm Smart as group finance executive and company secretary. He was with Ward White.

Mr Doug Urquhart has been appointed manufacturing director of the SALES GROUP, Colchester, producer of noise and vibration control equipment.

Mr Richard Yeadon has been appointed regional managing director of PIRBIC EASTERN Standard, set up by The Pirbic Group. He was group sales director. Mr David Edge has been appointed operations director. He was in sales management at a division of Wyley Laboratories.

Mr Peter Rhines has been appointed executive director designate of HADRIAN TRUSTEES, which is the independent administrator and trustee of The Shipbuilding and Construction Scheme ("SCPS") — one of Britain's largest pension funds, valued at £650m. He will have special responsibility for sales and marketing within the company.

Mr David Bowden, a manager and group controller of Chamber Consolidated has been appointed managing director of THE SHAND GROUP. He has been a director of Shand since 1984. The Shand Group comprises principally the civil engineering and construction businesses of Shand based in Scotland, Northern Ireland and the Isle of Man.

CHARLES BRAND, a subsidiary of Kier, has begun work on a £10m contract in the Inner Hebrides for a compression chamber to house the short-mounted wave energy device in the UK. Situated on a rocky gully on the Isle of Islay, the chamber will be constructed mainly from precast concrete sections up to 1 m thick. These units will subsequently be positioned around the rock face of the gully and connected with high strength in-situ reinforced concrete to enable the chamber to withstand the extreme of wave forces on the exposed coastline.

\*

Waves entering the gully will

oscillate a column of water inside the chamber causing the air trapped above the water column to be inflated and exhausted through a Wells turbine. Electrical power is generated by an alternator connected to the turbine. Following construction of the chamber, the wave forces and pneumatic performance will be monitored for about a year prior to the installation of a 200 kW Wells turbine.

A 95 per cent Government grant has been made to Queen's University, Belfast, whose professors led by Dr Trevor Whittaker, have been conducting wave energy research. When completed the Islay device should be capable of providing an average power of up to 40 kW.

MARCONI COMMUNICATIONS SYSTEMS has been awarded a contract worth \$3.7m for two Intelstat Standard A terminals to be installed at the Mercury Communications Satellite Earth Station at Whitehills, Oxfordshire. The terminals will be installed and ready for service early in 1988 and will then provide the services being provided by Marconi from this site. They will be used to communicate with the Far East and the US via the Indian Ocean and Atlantic Ocean satellites.

MATTHEW HALL ENGINEERING has been awarded a contract by Lindsey Oil Refinery in conjunction with the plant's owners, to maintain and turnaround its South Humberside Refinery. The value of the work is in the order of £10m. The contract covers design, procurement and construction management work on the fluidised catalytic cracking unit, the concentration unit and No 2 sulphur unit. Lindsey Oil Refinery is a company jointly owned by Petrofina (UK) and Total Oil Great Britain.

## ECONOMIC DIARY

**TOMORROW:** Seventh international conference on gambling opens at Reno (until August 26). **MONDAY:** British Association for the Advancement of Science conference opens at Belfast (until August 28). United Nations first world conference on disarmament and development opens in New York (until September 11). **TUESDAY:** Interim reports from Granville Trust; Hongkong & Shanghai Banking Corp. Japanese commercial banks meet again in Tokyo to discuss their response to East America's request that local banks join its capital-raising plan. **WEDNESDAY:** New orders in construction industry placed in June published by the Department of the Environment. President Reagan to make televised foreign policy speech. TUC general council meets. Interim August 30).

reports from Northern Engineering Industries; Party Group.

**THURSDAY:** Energy Trends for June published by Department of Energy. Department of Transport released figures for new vehicle registrations in July.

**FRIDAY:** London Stock Exchange; American Industrial Corp.; London Stock Exchange; Marley, British Gas annual meeting, NEC, Birmingham. Blue Arrow extraordinary meeting, London. Bundesbank council meeting, Frankfurt.

**FRIDAY:** Department of Trade and Industry publishes engineering indices of production, sales and orders in June; second-quarter provisional figures for finished steel consumption and stock changes; second-quarter company liquidity survey. CBI monthly Trends for July. International Greens Party conference opens in Stockholm (until August 30).

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FINANCIAL TIMES BUSINESS INFORMATION



## INTL. COMPANIES and FINANCE

## COMMODITIES AND AGRICULTURE

## Suez seeks to raise fresh capital

BY GEORGE GRAHAM IN PARIS

**T**HREE FRENCH state-owned investment banking group, Compagnie Financière de Suez, is hoping to raise a substantial amount of new capital when it is privatised at the beginning of October.

The Government has already agreed to a capital increase of "at least 5 per cent," or around FFr 800m (\$130.8m). This could be achieved through the transfer to Suez of the shares held directly by the state in Banque Indosuez, its subsidiary.

Mr Edouard Balladur, the Finance Minister, must decide on whether a further cash increase should be carried out at the same time as the privatisation.

The financial group is particularly anxious to boost its funds since its arch-rival Paribas has already launched her, having already carried out a successful FFr 4bn rights issue.



## CURRENCIES & MONEY

### FOREIGN EXCHANGES

#### Dollar weak after GNP

THE DOLLAR reacted badly to US 2nd quarter GNP figures released yesterday, falling to its two-month low. A revised increase of 2.3 per cent was viewed with disappointment after an initial rise of 2.6 per cent and a 4.4 per cent rise in the first quarter. The figures provided the second part of a double blow for the dollar, following closely on the heels of a worse than expected trade figure.

Consequently the dollar reacted to further signs that despite its decline over the past two years, there was little sign of any contraction in the budget or trade deficits.

The dollar finished at DM1.8160 down from DM1.8200 and Y1.0770 compared with Y1.0410. Elsewhere it slipped to SF1.5045 from SFr1.5145 and FF1.0775 from FF1.1125. On Bank of England figures, the dollar's exchange rate index finished at 101.3 down from 101.2.

Sterling recovered some ground but mainly at the dollar's expense.

**EUROPE**

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down from DM1.8200 and Y1.0770 compared with Y1.0410. Elsewhere it fell to SF1.5045 from SFr1.5145 and FF1.0775 from FF1.1125. Against the dollar it rose to \$1.6230 from \$1.6220. On Bank of England figures, its exchange rate index finished at 72.6 up from 72.4 at the opening.

**U-MARK** The dollar's exchange against the dollar in 1987 is 1.8005 to 1.7890. July average 1.8486. Exchange rate index 146.7 against 148.3 six months ago.

The D-Mark benefited from a sharp decline by the dollar. Renewed selling developed over the proximity of the weekend, pushing the mark to its 10-month level for two months. It closed at DM 1.8190 down from DM 1.8245 on Thursday.

There was little comfort on any front for the dollar with speculators still smarting from last week's poor trade figures and indications that the US economy was showing no sign of growing sufficiently to counter trade and budget deficits.

**JAPAN** The yen's exchange against the dollar in 1987 is 159.45 to 138.35. July average 150.35. Exchange rate index 223.6 against 209.1 six months ago.

Bearish sentiment pushed the dollar weaker against the yen in Tokyo. Comments by Mr Kiichi Miyazawa, Japan's finance minister, that currency rates should be determined, as much as possible, by market forces, provided the excuse to unwind more dollar positions.

The dollar touched a low of Y142.70 before closing at Y143.00 down from Y143.75 on Wednesday and Y145.75 in Tokyo on Thursday.

The decline came despite massive intervention by the Bank of Japan. Dealers suggested that the authorities were active when the US unit fell below Y140.0. Further comments by a Bank of Japan official suggesting that there was not expected to be a sharp rise in the yen failed to have any impact.

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down from SF1.5145 and FF1.0775 from FF1.1125. On Bank of England figures, the dollar's exchange rate index finished at 101.3 down from 101.2.

Sterling recovered some ground but mainly at the dollar's expense.

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## LONDON STOCK EXCHANGE

## DEALINGS

Details of business done either before or after the close of business from last Thursday's Stock Exchange Official List and should not be reproduced without permission.  
Details relate to those securities not included in the FT Share Information Services. Details of those done in the 24 hours up to 5 p.m. Thursday and settled through the Stock Exchange Settlement system; they are not in order of execution but in ascending order which shows the day's highest and lowest dealing prices.

Information contained in the following tables is given in the order in which it was received by the Stock Exchange. No business was recorded to Thursday's Official List the last reported business in the following table.

\* Barges - at special prices. # Barges done the previous day. + Barges done with no member or executive to overseas markets.

## Corporation and County Stocks

No. of bargains included 2

Greater London Council 6% Std 5992 -

£500,000

Birmingham District Council 11% Red Std

2012 - £103 (14a/67)

Weston Super Mare Dist 11% Red Std

2012 - £104 (14a/67)

London City 10% Red Std 1919 (14a/67)

£212 (14a/67)

Midland Bank 10% Red Std 2007 -

£210 (14a/67)

Sparta Computer Red Std 5998 -

£300 (14a/67)

UK Public Boards

No. of bargains included 1

Agricultural Marketing Corp PLC 5% Deb

Std 5993 -

5% Deb Std 5994 -

£200,000 (14a/67)

British Gas 5% Std 5995 -

£220 (14a/67)

City Port Authority Std 5% -

£20 (14a/67)

\* Govt Std -

£20 (14a/67)

Greater London Authority 6% Red Std

500,000

Port of London Authority 5% Port of London

£200,000

5% Std 5996 -

£200 (14a/67)

Foreign Stocks, Bonds, etc (coupons payable in London)

No. of bargains included 502

Agricultural Marketing Corp PLC 5% Curr

Pmt Std 21 -

7% Curr Pmt Std 21 -

5% Deb Std 5997 -

£200,000 (14a/67)

Bank of America Corp 7% Secur 75% Std

Fds 1982 (14a/67)

ASB Bank 10% Red Std 5998 -

£200,000 (14a/67)

ASB Bank 10% Red Std 5999 -

£200,000 (14a/67)

Bank of America Corp 7% Secur 75% Std

Fds 1982 (14a/67)

Bank of America Corp 7% Secur 75% Std

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## FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (e)	01-200 3000	25-31 Grosvenor, London, EC2R 0AA	02-500 2983	Standard Life Trust Mgmt, Ltd	3 George St, Edinburgh EH2 2XZ	0800 957777	Abbey Life Assurance Co Ltd	151-152	01-402 0871	Crescent Insurance Plc	0777 242024	Gresham Unit Assurance Ltd	020 770655	Irish Life Assurance - Gen.
33 King William St, EC4R 9AE				1999 Fund Acc	31-33 Grosvenor	02-500 2983	Early Ser 4	151-152		Galaxy Fund Mgmt	0777 242024	Global Property	020 770655	
100 Newgate St, EC1M 7AB	120-121	120-121	01-200 3000	1999 Fund Acc	31-33 Grosvenor	02-500 2983	High Income	153-154		Global Fund Mgmt	0777 242024	Global Property	020 770655	
100 Newgate St, EC1M 7AB	122-123	122-123	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Holiday Fund	155-156		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
Brickell One Fund	124-125	124-125	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Home Fund	157-158		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	126-127	126-127	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	159-160		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
American Ser 1	128-129	128-129	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	161-162		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	130-131	130-131	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	163-164		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	132-133	132-133	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	165-166		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	134-135	134-135	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	167-168		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	136-137	136-137	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	169-170		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	171-172	171-172	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	171-172		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	173-174	173-174	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	173-174		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	175-176	175-176	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	175-176		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	177-178	177-178	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	177-178		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	179-180	179-180	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	179-180		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	181-182	181-182	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	181-182		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	183-184	183-184	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	183-184		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	185-186	185-186	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	185-186		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	187-188	187-188	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	187-188		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	189-190	189-190	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	189-190		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	191-192	191-192	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	191-192		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	193-194	193-194	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	193-194		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	195-196	195-196	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	195-196		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	197-198	197-198	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	197-198		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	199-200	199-200	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	199-200		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	201-202	201-202	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	201-202		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	203-204	203-204	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	203-204		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	205-206	205-206	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	205-206		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	207-208	207-208	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	207-208		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	209-210	209-210	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	209-210		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	211-212	211-212	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	211-212		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	213-214	213-214	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	213-214		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	215-216	215-216	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	215-216		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	217-218	217-218	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	217-218		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	219-220	219-220	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	219-220		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	221-222	221-222	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	221-222		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	223-224	223-224	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	223-224		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	225-226	225-226	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	225-226		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	227-228	227-228	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	227-228		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	229-230	229-230	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	229-230		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	231-232	231-232	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	231-232		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	233-234	233-234	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	233-234		Global Fund Mgmt	0777 242024	Global Fund Mgmt	020 770655	
United Fund	235-236	235-236	01-200 3000	PM & American Growth	31-33 Grosvenor	02-500 2983	Investment Fund	235-236		Global Fund Mgmt	0777 242024			



## FT UNIT TRUST INFORMATION SERVICE

## LONDON SHARE SERVICE

BRITISH FUNDS										BRITISH FUNDS—Contd										FOREIGN BONDS & RAILS									
1987	High	Low	Stock	Price	+ or -	Yield	1987	High	Low	Stock	Price	+ or -	Yield	1987	High	Low	Stock	Price	+ or -	Yield									
"Shorts" (Lives up to Five Years)																													
101/2	100	Trees 12c 1987		107/4	-11.97	10.00s		131/2	125	Treas 2c 1987	(2971)	131	-1.25	2.25	53	3.50	16.60	Czech 7c Acc											
99/4	97/2	Trees 7c 1985-88/87		99/4	-2	7.81	9.53	92/1	92/1	Treas 1c 1987	(3233)	92/1	-	2.71	53	5.00	16.00	De loc 38 Ste Acc											
99/4	97/2	Trees 7c 1985-88/87		99/4	-2	7.81	9.53	92/1	92/1	Treas 1c 1987	(3233)	92/1	-	2.71	53	5.00	16.00	De loc 38 Ste Acc											
99/4	97/2	Trees 7c 1985-88/87		99/4	-2	7.81	9.53	92/1	92/1	Treas 1c 1987	(3233)	92/1	-	2.71	53	5.00	16.00	De loc 38 Ste Acc											
99/4	97/2	Trees 7c 1985-88/87		99/4	-2	7.81	9.53	92/1	92/1	Treas 1c 1987	(3233)	92/1	-	2.71	53	5.00	16.00	De loc 38 Ste Acc											
99/4	97/2	Trees 7c 1985-88/87		99/4	-2	7.81	9.53	92/1	92/1	Treas 1c 1987	(3233)	92/1	-	2.71	53	5.00	16.00	De loc 38 Ste Acc											
99/4	97/2	Trees 7c 1985-88/87		99/4	-2	7.81	9.53	92/1	92/1	Treas 1c 1987	(3233)	92/1	-	2.71	53	5.00	16.00	De loc 38 Ste Acc											
99/4	97/2	Trees 7c 1985-88/87		99/4	-2	7.81	9.53	92/1	92/1	Treas 1c 1987	(3233)	92/1	-	2.71	53	5.00	16.00	De loc 38 Ste Acc											
99/4	97/2	Trees 7c 1985-88/87		99/4	-2	7.81	9.53	92/1	92/1	Treas 1c 1987	(3233)	92/1	-	2.71	53	5.00	16.00	De loc 38 Ste Acc											
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99/4	97/2	Trees 7c 1985-88/87		99/4	-2	7.81	9.53	92/1	92/1	Treas 1c 1987	(3233)	92/1	-	2.71	53	5.00	16.00	De loc 38 Ste Acc											
99/4	97/2	Trees 7c 1985-88/87		99/4	-2	7.81	9.53	92/1	92/1	Treas 1c 1987	(3233)	92/1	-	2.71	53	5.00	16.00	De loc 38 Ste Acc											
99/4	97/2	Trees 7c 1985-88/87		99/4	-2	7.81	9.53	92/1	92/1	Treas 1c 1987	(3233)	92/1	-	2.71	53	5.00	16.00	De loc 38 Ste Acc											
99/4	97/2	Trees 7c 1985-88/87		99/4	-2	7.81	9.53	92/1	92/1	Treas 1c 1987	(3233)	92/1	-	2.71	53	5.00	16.00	De loc 38 Ste Acc											
99/4	97/2	Trees 7c 1985-88/87		99/4	-2	7.81	9.53	92/1	92/1	Treas 1c 1987	(3233)	92/1	-	2.71	53	5.00	16.00	De loc 38 Ste Acc											
99/4	97/2	Trees 7c 1985-88/87		99/4	-2	7.81	9.53	92/1	92/1	Treas 1c 1987	(3233)	92/1	-	2.71	53	5.00	16.00	De loc 38 Ste Acc											
99/4	97/2	Trees 7c 1985-88/87		99/4	-2	7.81	9.53	92/1	92/1	Treas 1c 1987	(3233)	92/1	-	2.71	53	5.00	16.00	De loc 38 Ste Acc											
99/4	97/2	Trees 7c 1985-88/87		99/4	-2	7.81	9.53	92/1	92/1	Treas 1c 1987	(3233)	92/1	-	2.71	53	5.00	16.00	De loc 38 Ste Acc											
99/4	97/2	Trees 7c 1985-88/87		99/4	-2	7.81	9.53	92/1	92/1	Treas 1c 1987	(3233)	92/1	-	2.71	53	5.00	16.00	De loc 38 Ste Acc											
99/4	97/2	Trees 7c 1985-88/87		99/4	-2	7.81	9.53	92/1	92/1	Treas 1c 1987	(3233)	92/1	-	2.71	53	5.00	16.00	De loc 38 Ste Acc											
99/4	97/2	Trees 7c 1985-88/87		99/4	-2	7.81	9.53	92/1	92/1	Treas 1c 1987	(3233)	92/1	-	2.71	53	5.00	16.00	De loc 38 Ste Acc											
99/4	97/2	Trees 7c 1985-88/87		99/4	-2	7.81	9.53	92/1	92/1	Treas 1c 1987	(3233)	92/1	-	2.71	53	5.00	16.00	De loc 38 Ste Acc											
99/4	97/2	Trees 7c 1985-88/87		99/4	-2	7.81	9.53	92/1	92/1	Treas 1c 1987	(3233)	92/1	-	2.71	53	5.00	16.00	De loc 38 Ste Acc											
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99/4	97/2	Trees 7c 1985-88/87		99/4	-2	7.81	9.53	92/1	92/1	Treas 1c 1987	(3233)	92/1	-	2.71	53	5.00	16.00	De loc 38 Ste Acc											
99/4	97/2	Trees 7c 1985-88/87		99/4	-2	7.81	9.53	92/1	92/1	Treas 1c 1987	(3233)	92/1	-	2.71	53	5.00	16.00	De loc 38 Ste Acc											
99/4	97/2	Trees 7c 1985-88/87		99/4	-2	7.81	9.53	92/1	92/1	Treas 1c 1987	(3233)	92/1	-	2.71	53	5.00	16.00	De loc 38 Ste Acc											
99/4	97/2	Trees 7c 1985-88/87		99/4	-2	7.81	9.53	92/1	92/1	Treas 1c 1987	(3233)	92/1	-	2.71	53	5.00	16.00	De loc 38 Ste Acc											
99/4	97/2	Trees 7c 1985-88/87		99/4	-2	7.81	9.53	92/1	92/1	Treas 1c 1987	(3233)	92/1	-	2.71	53	5.00	16.00	De loc 38 Ste Acc											
99/4	97/2	Trees 7c 1985-88/87		99/4	-2	7.81	9.53	92/1	92/1	Treas 1c 1987																			



## LONDON SHARE SERVICE

## INSURANCES—Continued

High Low	Stock	Price
133 142	PWS Holdings Pl.	368
132 140	PwC Group Pl.	248
131 139	PwC Group Pl.	248
130 138	PwC Group Pl.	248
129 137	PwC Group Pl.	248
128 136	PwC Group Pl.	248
127 135	PwC Group Pl.	248
126 134	PwC Group Pl.	248
125 133	PwC Group Pl.	248
124 132	PwC Group Pl.	248
123 131	PwC Group Pl.	248
122 130	PwC Group Pl.	248
121 129	PwC Group Pl.	248
120 128	PwC Group Pl.	248
119 127	PwC Group Pl.	248
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117 125	PwC Group Pl.	248
116 124	PwC Group Pl.	248
115 123	PwC Group Pl.	248
114 122	PwC Group Pl.	248
113 121	PwC Group Pl.	248
112 120	PwC Group Pl.	248
111 119	PwC Group Pl.	248
110 118	PwC Group Pl.	248
109 117	PwC Group Pl.	248
108 116	PwC Group Pl.	248
107 115	PwC Group Pl.	248
106 114	PwC Group Pl.	248
105 113	PwC Group Pl.	248
104 112	PwC Group Pl.	248
103 111	PwC Group Pl.	248
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100 108	PwC Group Pl.	248
99 107	PwC Group Pl.	248
98 106	PwC Group Pl.	248
97 105	PwC Group Pl.	248
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95 103	PwC Group Pl.	248
94 102	PwC Group Pl.	248
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62 70	PwC Group Pl.	248
61 69	PwC Group Pl.	248
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58 66	PwC Group Pl.	248
57 65	PwC Group Pl.	248
56 64	PwC Group Pl.	248
55 63	PwC Group Pl.	248
54 62	PwC Group Pl.	248
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25 33	PwC Group Pl.	248
24 32	PwC Group Pl.	248
23 31	PwC Group Pl.	248
22 30	PwC Group Pl.	248
21 29	PwC Group Pl.	248
20 28	PwC Group Pl.	248
19 27	PwC Group Pl.	248
18 26	PwC Group Pl.	248
17 25	PwC Group Pl.	248
16 24	PwC Group Pl.	248
15 23	PwC Group Pl.	248
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7 15	PwC Group Pl.	248
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0 8	PwC Group Pl.	248
1 7	PwC Group Pl.	248
0 6	PwC Group Pl.	248
1 5	PwC Group Pl.	248
0 4	PwC Group Pl.	248
1 3	PwC Group Pl.	248
0 2	PwC Group Pl.	248
1 1	PwC Group Pl.	248
0 0	PwC Group Pl.	248

## PAPER, PRINTING—Continued

High Low	Stock	Price
192 205	News International Pl.	368
191 204	News International Pl.	368
190 203	News International Pl.	368
189 202	News International Pl.	368
188 201	News International Pl.	368
187 200	News International Pl.	368
186 199	News International Pl.	368
185 198	News International Pl.	368
184 197	News International Pl.	368
183 196	News International Pl.	368
182 195	News International Pl.	368
181 194	News International Pl.	368
180 193	News International Pl.	368
179 192	News International Pl.	368
178 191	News International Pl.	368
177 190	News International Pl.	368
176 189	News International Pl.	368
175 188	News International Pl.	368
174 187	News International Pl.	368
173 186	News International Pl.	368
172 185	News International Pl.	368
171 184	News International Pl.	368
170 183	News International Pl.	368
169 182	News International Pl.	368
168 181	News International Pl.	368
167 180	News International Pl.	368
166 179	News International Pl.	368
165 178	News International Pl.	368
164 177	News International Pl.	368
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160 173	News International Pl.	368
159 172	News International Pl.	368
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157 170	News International Pl.	368
156 169	News International Pl.	368
155 168	News International Pl.	368
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140 153	News International Pl.	368
139 152	News International Pl.	368
138 151	News International Pl.	368
137 150	News International Pl.	368
136 149	News International Pl.	368
135 148	News International Pl.	368
134 147	News International Pl.	368
133 146	News International Pl.	368
132 145	News International Pl.	368
131 144	News International Pl.	368
130 143	News International Pl.	368
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124 137	News International Pl.	368
123 136	News International Pl.	368
122 135	News International Pl.	368
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120 133	News International Pl.	368
119 132	News International Pl.	368
118 131	News International Pl.	368
117 130	News International Pl.	368
116 129	News International Pl.	368
115 128	News International Pl.	368
114 127	News International Pl.	368
113 126	News International Pl.	368
112 125	News International Pl.	368
111 124	News International Pl.	368



# FINANCIAL TIMES

Saturday August 22 1987

**THE  
NEWPORT  
ARGUMENT**  
Relocation details on 0633 563006

## West Germans find Hess a haunting image

Peter Bruce on public reaction to the Nazi's death

THE FRONT PAGE of West Germany's biggest newspaper, Bild, yesterday carried a picture of Rudolf Hess, Adolf Hitler's former deputy, lying in a coffin. Just below, another picture showed topless young women prancing about the Englischer Garten in Munich, carrying the headline: "Marvin—life is fun again."

Rudolf Hess's death on Monday, after more than 40 years in prison for his part in Hitler's rise to power, was bound to catch the German imagination and in the middle of a news drought its effect had been doubled.

To add to that, the secretive handing of his passing by the British authorities in Berlin has given Hess's supporters, neo-Nazis and general malcontents, a huge handwring to justify.

The revision view of Hess is being debated in a bewilderingly film of apparently ordinary people—with some obviously mensching types—laying flowers on the Hess family graves in northern Bavaria ahead of the

burial next week, or holding vigils outside Spandau prison in Berlin, where Hess was kept.

However, Bild probably hit the right note. Those West Germans still in the country (it being August) are hugely entertained by the mysteries, car chases and neo-Nazi threats surrounding Hess's death.

The British in Berlin have fuelled this by announcing his death hours after it happened and well after the Hess family lawyer told the press.

The next day the nation heard that Hess had been found with electrical wire around his neck. Was he hanging or lying? "We have nothing more to say," said his spokesman. "Then, a day later, they presented and found the same heroes of the far right are the Strasser brothers, Gregor and Otto, and Ernst Roehm. They were on the left than the need to beat up Turkish immigrants and wear uniforms. Older extremists have tended to stay loyal to Hitler.

Hess's son and his lawyer

have meanwhile cast doubt on the suicide theory. There were

no marks on the neck, said Mr Wolf Ruediger Hess when the family received the body on Thursday. A second post mortem examination was arranged by the family yesterday. It was reported that there were marks of violence round Hess's neck. The family remain unconvinced.

The apparent suicide and the family's doubts form an almost perfect rallying point for West German extremists. In truth, almost anything would have done, because the far right is in almost hopeless disarray.

Strangely enough, what anti-Semitic currents flow among neo-Nazis and normal Nazis like Hess and even Hitler. The new heroes of the far right are the Strasser brothers, Gregor and Otto, and Ernst Roehm. They were on the left than the need to beat up Turkish immigrants and wear uniforms. Older extremists have tended to stay loyal to Hitler.

Leaders of the right's new

have tended to stay loyal to Hitler.

Some leaders have been imprisoned, including Michael Kuchner, 31,

the Nazi party in Northern Germany and Roehm who once commanded the SA, a forerunner of the SS, were killed by Hitler in the "Night of the Long Knives" in June 1934. Otto had meanwhile fled to Canada.

This trio, though, is held in esteem by many Fascists, many of whom believe people like Hitler and Hess sold out the working class to big business and power politics.

The fact though, that many young faces can be seen among the old marching Hess is a measure of the small role ideology on the right and the difficulty its adherents have in following ideas more complex than the need to beat up Turkish immigrants and wear uniforms. Older extremists

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Leaders of the right's new

have tended to stay loyal to Hitler.

Some leaders have been imprisoned, including Michael Kuchner, 31,

a powerful though baby-faced orator, which has left followers without much direction.

Rudolf Hess will, for a while at least, pull together the right wing strands. If he killed himself, it will be seen as defiance and heroism. If he did not, he was still a victim of the occupying powers—Britain, the US, France and the Soviet Union.

He always reminded West Germans that they do not necessarily run their country. Officially, Nazi troops are welcome on West German soil, but the word "occupation" still catches the German throat at times.

Just how much satisfaction of entertainment ordinary Germans gain from the Hess saga remains to be seen. He will be buried next week, but the family are refusing to say

where the body is. The funeral will not, it seems, be a simple family affair. As far as his wife and son are concerned, Hess was isolated too long when he was alive.

Even with the FTSE 100 index recovering on technical grounds by 20.5 points yesterday to again close above 2300, the equity market is still highly nervous.

It has been hit on the head so often lately that it is reluctant to peek over the parapet. In the absence of any new bad news, shares should just be able to tolerate a yield gap stretched to even more ludicrous widths this week by the rise in gilt yields.

There seems little chance of a recovery in the gilt market, though when the expectation is for a continuation of current interest rates now and the chance of a rise later. Those foreign investors tampered into the market at election time by persuasive salesmen must by now be feeling rather aggrieved, having lost on both currency and the bonds. With the US dollar falling badly this week, as economists found no sign of a trading trade deficit in the last set of balance of payments figures, the tendency must be for higher interest rates in the US too.

While UK equity investors are unlikely to be net sellers, as they were in 1974, to be proved wrong rapidly in 1975, the line-up of calls on their cash now roughly matches supply. Just this week, the likely success of Blue Arrow's bid for manpower group EMI, its £250m offer, seems to have gone ahead, as well as Pilkington's bid, and a number of smaller ones. Meanwhile, the withdrawal of UBS's bid for Hill Samuel has deprived the market of £700m or more of expected cash. The market is hardly eager for the BP sale.

**Elders IXL**

plans 35% spin-off in restructuring

By Chris Sherwell

ELDERS IXL, one of Australia's largest companies, intends to spin off 35 per cent of each of its three main operating divisions under the corporate restructure it first outlined last month.

The Melbourne-based brewing, pastoral and finance group said yesterday that Elders Brewing, one of the three subsidiaries, would be established outside Australia, as about 70 per cent of its assets were in the UK and Canada.

The group did not specify whether the unit, which produces Courage, Fosters and Carling Black Label beers, would be launched on the London market, although this is thought to be a possibility.

The other two main units, Elders Agriculture and Elders Financials, are to remain in Australia. The floating of a separate company to hold Elders' 18 per cent stake in BHP, Australia's largest company, will not form part of this restructure, Elders said.

Shares in the three companies will be offered to Elders shareholders, who are also to be made a capital repayment of A\$1 (44p) per share. The Elders statement added: "The taking up of their share entitlements in each of the new companies will approximately cover the cost of the spin-off by shareholders after taking into account the capital repayment."

The group aims to complete the take-over by July. The plan is subject to approval by shareholders and the courts.

Elders also said it would establish another company abroad as the vehicle for its international investment activities. This company, called Elders Investments, was to be floated on the Hong Kong market. Planning was said to be at an "advanced stage" and a further announcement would be made this month.

Elders confirmed that Mr John Elliott, the chairman and chief executive, had assured the board he would remain in that position for at least three years.

Mr Elliott is treasurer of Australia's opposition Liberal Party and is expected to become party president.

Mr Elliott's undertaking means he is unlikely to stand for parliament in the next election due in 1990. Before the last election, won by Labor in June, supporters of Mr Elliott had unsuccessfully sought a safe parliamentary seat for him. His political career was a series of misadventures, directed at Mr Elliott, to conceive the restructuring plan and persuade him to stay on.

Elders is to grant options in relation to its holdings in Goodman Fielder and SA Breweries, two other food and beverage companies, to people nominated by those two companies. If exercised, these would realize A\$270m (£253.6m) for Elders.

As part of an executive incentive scheme, senior management of Elders will also have a 50 per cent stake in a company associated with AWP, Mr Basil Sellers' investment group, which in turn holds options over 212m Elders shares presently owned by Goodman Fielder and SA Breweries.

In particular, there has been heavy selling of Far East funds now under management; unit trusts are reporting heavy switching within their own funds, which can be done on a discount basis, and to outside funds, incurring the full cash-in penalties.

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Last night, Blue Arrow's share price closed 10p higher at 170p. The rights issue price is 160p.

THE LEX COLUMN

## Deep pockets, short arms

Index rose 27.0 to 1727.2

**Premium Bonds**

Whether or not it has something to do with diminishing in selling gilts these days, National Savings is making a push to attract richer premium bond investors. The marketing plan is that far more people will buy premium bonds as a safe investment offering capital protection and a tax-free return, which National Savings seems to imply is 7 per cent a year. Compared with a building society interest rate on larger amounts of 7.75 per cent net of basic rate tax, a higher rate taxpayer would be better off putting his faith in ERNE. That ignores the annoyance of premium bonds not entering the draw until the month after the month they are bought, while they leave the draw as soon as they are cashed in. Building societies pay interest on the US too.

Careful reading of the small print reveals that the 7 per cent refers to the value of the annual payout relative to the total amount of bonds eligible to win. The range of prizes from £250,000 (one a month) down to £50 (more than 180,000 month) works out to give an average of about £70. And over a period of years, a holder of £700m or more of expected cash will end up with about a 7 per cent annual return. But there is a big difference between the average return and the range of prizes. After all, a holder of one £1 bond could scoop the top prize, while the person with the maximum £10,000-worth might never get one at all. The chances of a large number of bonds bought to end up with about a 7 per cent annual return are slim.

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**RHM/Goodman**

Just as everyone appeared to have lost interest in the complex antipodean stalking of Rank Hovis McDougall, Goodman Fielder springs another surprise and the bid premium pays back. The real surprise is in yesterday's announcement that Goodman is acquiring the entire RHM, Blue Arrow's bid for Hill Samuel has deprived the market of £700m or more of expected cash. The market is hardly eager for the BP sale.

**Blue Arrow/**

**Manpower**

The apparently successful conclusion of the Manpower bid may not make Blue Arrow the most popular name in the market, but it says much for the diplomatic skills of Mr Tony Berry and New York's assumed preference for cash. The slightly higher offer from Adia—although part paper—might have looked more attractive to the Manpower board were it not for an apparent outburst of symmetry between Mr Berry and Mr Mitchell Fromstein. Manpower's chief executive. Everyone now appears to contend that Manpower has agreed to pay Blue Arrow's bid in the event of a last-minute hitch.

The group aims to complete the take-over by February and July. The plan is subject to approval by shareholders and the courts.

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## Australian food group raises stake in RHM to 21%

BY CHRIS SHERWELL AND NIKKI TAIT

By David Thomas

J. L. CASE, the US tractor and construction equipment maker, is to shed more than 1,000 jobs at Meltham, West Yorkshire, and Leigh, near Manchester, as it continues to rationalise its tractor operations.

The Leigh site, which makes components, is to close. Tractor making is to cease at Meltham, leaving only some component manufacturing. Between 300 and 400 workers will remain from a workforce of 1,400.

Case, part of the Tanneco group, has been engaged in complex restructuring since becoming one of the world's biggest tractor manufacturers through buying International Harvester's farm equipment interests at the beginning of 1986.

The restructuring has involved integrating distribution channels, rationalising component production, bringing some production to Europe from the US, joint ventures and plant closures.

Case's former International Harvester plant at Angers in France and its St Croix facility, also in France, were closed before yesterday's announcement. Its large facility at Rock Island, Illinois was shut in order to transfer production to two plants in Doncaster, South Yorkshire.

The Meltham and Leigh plants were part of the former David Brown tractor business bought by Case in the early 1970s. The David Brown business was Case's sole tractor interest in Europe before it acquired International Harvester.

Mr Dick Seagrave, Case's senior vice president for European manufacturing, said Case was committed to a manufacturing presence in the UK. The company was maintaining its market share, although overall demand for tractors was down.

In the UK, tractor sales have been declining, but there were signs of some slowdown in the rate of decline in the first half of this year.

The UK tractor market is fiercely competitive. In the first half of the year, Ford Motor Holland held 24.2 per cent followed by Case with 22.4 per cent and Massey-Ferguson with 16.6 per cent.

Chief London Price Changes Yesterday  
(Prices in pence unless otherwise indicated)

BUSES		Intl Signal & Control 222 + 8	
Treas 9/8/002	597 + 12	Marley	1734 + 12
Treas 11/4/2003 - 5/11 22 + 8	West Bank	712 + 8	
Aerospace Eng ... 148 + ?	Phicom	77 + 12	
ASX-Expo ... 158 + 20	Royal Elec	312 + 19	
ASDA-MFT ... 150 + 10	REIM	328 + 23	
Aukt & Viborg ... 470 + 25	Standard Chiller	314 + 9	
BICC ... 365 + 8	Style	347 + 37	
BPS ... 364 + 13	Unigate	402 + 25	
Hartwell ... 130 + 13	Viking Res	96 + 91	
Hill Samuel ... 874 + 10	Cambrian & General 123 - 7	Kleinwort Benson ... 304 - 15	

WORLDWIDE WEATHER

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# WEEKEND FT

Saturday August 22 / Sunday August 23 1987

• MARKETS • FINANCE &amp; THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

## The divided brotherhood of Islam

As tensions rise in the Gulf,

**Michael Field** unravels the religious differences which aggravate the political conflict between Moslems

**A** N AMERICAN friend of mine living in Saudi Arabia was once on a flight from Dhahran in the Eastern Province to Riyadh, the capital, sitting next to a well dressed but extremely nervous Saudi. In conversation the Saudi confessed that this was the third occasion on which he had meant to take the flight; he had come to the airport twice before, but had been so frightened that at the last minute he had turned round and gone back.

He explained that he was a Shia, a member of the mystical nonorthodox sect of Islam. He was a gold merchant and had to go to Riyadh to see a client. He added that while he was in Riyadh he would be continually in the company of friends, and that whatever happened he would fly back to Dhahran before nightfall, even if he had not finished his business.

My friend left the gold merchant at Riyadh airport and did not see him again. That evening he recounted his experience to a member of the Saudi royal family who was known as a young technocrat with enlightened views. The prince immediately claimed that the royal family were now doing a lot for the Shias but "hadn't got to explain that, even so, most of them were totally nonorthodox." They were quite mad, he said, in a wholly unargumentative manner: "If you take them on as office boys," he said, "they will spit in your tea and urinate in your coffee."

In the past three or four years the prince's view of the Shias has come to be shared by the Western media—and therefore by much of the Western public.

Shias have become almost synonymous with terrorism. The sect is regarded as fanatical by definition. These views are understandable. Shias are involved in most of the present bloodshed in the Middle East. They are at the heart of the conflicts in Lebanon; they have been responsible for most of the recent kidnappings and terrorist outrages there. Shias—immigrants, and more recently, nationalists—have carried out bombings in Kuwait since 1983. To a certain extent the Gulf war is a confrontation between

Shias and Sunnis (members of the majority orthodox sect of Islam) in that where the socialist regime in Baghdad is ostensibly Sunni (it is actually indifferent to religion), the regime in Tehran is devoutly Shia.

The divisions between the Sunnis and Shias, and the links between the Shias and violence in the Middle East are certainly real, but they are less important than the Western media suppose. To understand the Shia mentality, and the way the two communities perceive each other, it is best to go back to the beginning of the year after the death of the Prophet Muhammad in AD 632, and the early Arab conquests in Egypt, Persia and the Levant.

At this time there arose a dispute between two of the leading families of Mecca, the Hashemites and the Umayyads, over who should succeed to the Caliphate, the leadership of the Moslem community. The Hashemites, who were the Prophet's own family, argued that the succession should go to a relation of the Prophet; the Umayyads claimed, in accordance with the tradition (Sunna) of the Arabs, that it should go to whom ever was deemed most suited to be caliph.

The quarrel acquired a broad social significance. The family which won the dispute was Umayyid. Its leaders established the Caliphate in Damascus and rapidly converted a Graeco-Syrian life of luxury to the asceticism of Moslem piety. They left the Hashemites, continued to press their claim, gaining the support of those in the God-fearing and puritan Arab armies who resented the extravagance and nepotism which characterised Umayyid rule.

These people became known as the Shias—strictly speaking, the Shias Ali, the "Party of Ali" (the Prophet's cousin and son-in-law, leader of the Hashemites). Ali organised the first rebellion against Umayyid rule. He was later murdered. In 680 AD his second son, Hussein, staged another rebellion and was killed in the most brutal and pathetic circumstances, at Karbala in Iraq.

The martyrs served only to strengthen the association of the Shias



with the poor and oppressed. Increasingly, these were non-Arab Moslems—Syrians, Palestinians, Greeks and Persians—who had been converted to Islam after the conquests. They adopted Arab speech and dress and were supposed to be equal to other Moslems, in practice they remained subjects of the Arabs and continued to pay the taxes intended to be the lot only of infidels. Foreigners drawn to the Shia community introduced elements of their own previous religions (which in several cases had been Christian heresies) transforming Shias into a more mystical shape.

Messianic notions of a Mahdi, a God-guided deliverer, became established; saints were created; places of pilgrimage (above all, Karbala) appeared. All these were attributes of the legalistic and puritan Sunnis. Thus, within a century, Shiam evolved from a family political party into a distinctive religion with a strong anti-establishment bias.

The Shias' leaders, the Imams, remained (or were supposed to be) direct descendants of Ali until the late 9th century AD, when the 12th in their line, a semi-mythical figure called Mahdi, went into hiding, where he is supposed to remain to this day.

Only in Iran has Shiam been made the religion of the establishment. This was an act of the establishment. This was an act of the Safavids in the 16th century, when they wanted to foster a stronger feeling of Persian national identity and make their subjects feel different from the Turks and Arabs with whom they were at war.

Sunnis and Shias both believe in the five fundamentals of Islam: that there is one God and that Mohammad is his messenger; that they should pray five times a day; that they should give taxes to the poor; fast during the month of Ramadan; and go on the pilgrimage to Mecca if they can afford it. They have

the same Quran, the word of God as memorised by the Prophet, which is a rule for all aspects of life, including politics. There are relatively minor differences in their codes of Islamic law, which is based on the Quran and the Hadith, the actions and sayings of the Prophet.

As their history suggests, the main doctrinal difference between the Sunnis and Shias remains the succession to the Caliphate 1,300 years ago. Technically, all a person need do to change from being a Shia to a Sunni is to revise his opinion, in the privacy of his own conscience, about Ali's right to that succession.

The other doctrinal difference concerns the position of the two sects' religious leaders, who by profession are teachers and judges. The Shias invest leaders with a spiritual authority which makes them closer to God than ordinary mortals; the Sunni jurists are distinguished from everyone else only by their superior learning.

The biggest difference between the sects are matters of custom, ceremony and the superstition that tends to be grafted onto religion. The Shias revere saints, particularly the 12 Imams—the Sunnis do not; they rage against the fundamental Moslem heresy that "there is no God but God."

Most striking of all the Shia traditions are the processions commemorating the early martyrs. These take place in the Moslem month of Moharram. The centre piece is a form of passion play, which represents the events that took place in Kerbala in 680. There are "corpses" carried upright in their biers, Hussein on a magnificent white horse, troops of sinister black saracen riders. At either end of the procession are troops of chest-beaters and back-dagollants, who scourge themselves in unison, with steel whips,

as they chant the name of Ali.

When the processions stop, professional sermonisers tell of the martyrs. They describe how Hussein's little party is surrounded by thousands of its enemies. Entrances for mercy to be shown to the women and children fall on deaf ears, and so Hussein draws up his 72 retainers for battle. The Umayyads stand back and shoot down the party with arrows until there is only Hussein left, wounded and exhausted, cradling his little son dead in his arms. He sinks down beside his tent to drink some water, and in the act of drinking he is shot through the mouth with an arrow. Crocodile tears at the pit of the tale.

The ritualised bloodletting of Moharram is a reaffirmation by the Shias of separateness and status as a subject people. Everywhere in the Moslem world Shiam remains a cult associated with the poor. In the Saudi Eastern Province (where only the most modest processions are permitted) and in Bahrain, the Shia populations have been conquered by Sunni rulers. In Iraq the Shias form a majority but have never held power; they think of themselves as a minority. In Lebanon they are by far the biggest single community, but they are the poorest.

It is this poverty and subjugation, more than any religious doctrine, that makes the Shias rebellious. Their militancy has been encouraged by the success of the Shia revolution in Iran. Where their religious traditions are influential is in adding willingness to be martyred to their militancy. \*

Among educated people of goodwill in the Moslem world, the social differences between Sunnis and Shias are recognised, but little attention is paid to the differences in religious custom. In the Gulf and even in the Saudi Eastern Pro-

vince there are Sunni-Shia friendships, business partnerships and, occasionally, marriages.

Where anti-Shia prejudice thrives is among the ill-educated. It is at this level of society that people concentrate on the visible manifestations of Shia culture, such as the Moharram processions. They ignore the theology and derive satisfaction from branding the Shias as heretics.

The uneducated are joined in their prejudice by the Saudi family and the religious leaders (ulema) of central Saudi Arabia. Neither the Saudis nor the ulema are poorly educated, but it happens that their partnership was formed in the 18th century specifically to purge Arabic Islam of superstitions prevalent—particularly the veneration of tombs and saints, similar to Shia practice. The followers of the austere Saudi doctrine are known as Muwahiddin—Unitarians—after their insistence on the worship of one God.

The Muwahiddin believe that people who decorate a religious building will quickly begin to worship the decoration rather than God. Likewise they think that to pay respect to a tomb, a mere lump of stone with a skeleton beneath it, is weak-minded sentimentality. Even Saudi kings are buried in unmarked graves in the desert; soon after their death nobody can remember where they have been laid.

The Moharram processions are regarded by the Muwahiddin as mad. One year, a day before the processions were due to take place, a young Saudi prince told me that he could not understand why Shias had to scourge themselves. "The events they are remembering took place long before they were born," he remarked, "and there's no reason for them to blame themselves because there's nothing they can do to stop what happened."

What is interesting now is that even in the Saudi establishment an attempt is being made to overcome the old prejudice against Shias. The discontent of the Shias in the Eastern Province, which led to riots in 1979 and 1980, when the influence of the Iranian revolution was still fresh, is believed to be a social and economic issue. Much more money is being spent on the Shia communities there, and the government of the region has been vastly improved. The Shias are seen now as far less of a political danger than they were seven years ago.

No less interesting is the way Iran and Saudi Arabia have dealt with each other in the aftermath of the deaths in Mecca. Iran has called on all Moslems to overthrow the Saudi family. The Saudis, who have always been frightened of the Iranian revolution, have been mildly conciliatory, public—when King Fahd and the senior princes are furious about the Iranian demonstrations which preceded the Mecca tragedy.

Beneath the surface there is Sunnis-Shia tension in relations between the two countries, but this is never expressed in what the governments say to each other. When the Iranians broadcast propaganda to the Shias in the Eastern Province, for example, they urge them to rise against the Saudis because they are "tyrants" and uncouth central Arabians, never because they are Sunnis.

In part, this is because the Moslem world is supposed to be united, and no Moslem government likes to attack another on religious grounds. More important: sectarian differences between the two countries simply do not count compared with the political differences between the revolutionary Islamic government in Iran and the monarchy in Saudi Arabia, or the secular regime in Iraq.

### The Long View

## Why the boss wore a tie on Monday



After years of prosecuting insider dealers without a precise definition of the crime, the US authorities seek now to spell it out. **Richard Lambert** suggests that the UK provides a rather better model

**T**HE SALES director of a small Lancashire textile company bought a large line of shirts the day before the bid for his company was announced. His purchase was discovered and he was dragged before the City authorities. "I knew now about 'bid,'" he explained. "But the boss—a tie on Monday, so I knew summer was up."

A true story, and one which raises a difficult question: what exactly is an insider dealer? The subject is of pressing interest in the US just now, for two reasons. The first is that after years of prosecuting insiders without any precise definition of the crime, the Securities and Exchange Commission (SEC) has just published draft legislation which attempts to spell out exactly what it is all about. If the SEC gets its way, a lot of people are going to have to start worrying.

The second reason is that a case is about to come up before the Supreme Court which stretches the insider trading law way beyond what many people would think reasonable. The case in question would certainly not be an offence in the UK.

Until now, the SEC has prosecuted insiders on a case-by-case basis, attempting to extend the boundaries of the crime as it went along. But the game is changing. The impact of last winter's scandals is still reverberating around Washington, and with legislation quite likely to come this year, the Senate instructed the Commission to come up with a definition by August.

Its proposals start off innocuously—but the overall effect of its legislation would seem to make anyone an insider whom the SEC cared to decide was one.

"It shall be unlawful for any person, directly or indirectly, to purchase, sell, or cause the purchase or sale of any security

while in possession of material non-public information concerning the issuer or its securities; if such person knows or recklessly disregards that such information has been obtained wrongfully or that such purchase or sale would constitute a wrongful use of such information."

Who might such a relationship be with? The SEC lists a whole range of examples, and ends with a catch-all: "who the Commission decides has a regular nexus to the

or bribery; shipping a few dollars to the chairman's secretary is definitely prohibited but it is also deemed wrongful to trade in a way that would breach any fiduciary, contractual, employment, personal or other relationship."

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So far so good. The trouble starts with the word "wrongfully." You mustn't deal on information gained through their

or bribery; shipping a few dollars to the chairman's secretary is definitely prohibited but it is also deemed wrongful to trade in a way that would breach any fiduciary, contractual, employment, personal or other relationship."

It is this "regular nexus" to the workings of the markets. So might my mother-in-law, for all I know.

Attempts to define a crime in such a broad way are highly dubious. The UK law is much more straightforward. An insider must be knowingly con-

nected with the issuer of the securities, and be in possession of unpublished price-sensitive information about those securities—information which he knows is sensitive, and which would not be divulged except for legitimate corporate purposes.

The SEC's approach is on display in the Supreme Court case—a highly controversial affair involving a former columnist on the Wall Street Journal who admits to having passed on price-sensitive information about future articles. Everyone agrees that this was very bad form—but was it insider trading?

The case against him is that since company policy banned such unethical behaviour, he had been guilty of wrongfully taking and using information which belonged to his employer. He had a type of fiduciary relationship with the newspaper, which he had

But these are deep waters. Dr Watson could have committed a crime if the newspaper had not had a clear policy on conflicts of interest?

And if his offence was against the company, would it be all right if the company itself were to profit from advance knowledge of articles?

The betting is that the SEC is going to have a tough time in pushing this one through the Supreme Court, which is why it is anxious to get a legal definition of the crime that would allow it to do more or less what it wants. A financial journalist, after all, might well be said to have a "regular nexus" to the workings of the markets. So might my mother-in-law, for all I know.

Or, and that Lancashire sales director? They let him off—and quite right, too.

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## MARKETS

## When nerves show

IT WAS the banking lending figures that did it. After spending two weeks scouring the economic entrails for signs of looming economic woe, the London markets this week finally found something worthy of a spot of panic.

Thursday's announcement that sterling bank lending had risen by £4.9bn in July, the largest monthly increase on record and far ahead of worst predictions, sent the markets into one of the sharpest of their recent reversals. Within minutes of the news, the 33-point early morning rise in the FTSE 100 had been wiped out and dealers screeched brusquely at the index fell with surprising speed to 40 points below opening levels.

The assumption was that the lending figures explained the rise in base rates by Nigel Lawson, the Chancellor, to engineer a 1 per cent rise in bank base rates earlier this month. And the figures—which intensified concern about a possible build-up of inflationary pressures—might be sufficient to provoke a further increase in borrowing costs.

However, closer inspection of the statistics and some soothing hints from the authorities produced a somewhat less hysterical response. The official line was that nothing in the figures changed the view of monetary conditions which the Government held at the time of the interest rate increase, and that the authorities were satisfied with rates at their present 10 per cent level.

Moreover, the figures were

far from complete and open to several interpretations, some of them more encouraging. For one thing, last month's surge does not seem to have been the product of a rapid rise in consumer credit, which some analysts fear could be stoking inflationary fires. Bank lending to the personal sector actually fell during July.

The main cause of the surge seems to have been a rise in lending to companies. Some of this might have been a technical run-down of foreign borrowings, to be replaced with sterling loans, but it could also point to healthy signs of increased capital investment.

### London

Consideration of these factors helped the equities market regain a little of Thursday morning's lost ground, but the FTSE Index nevertheless closed last night at 2,265.8 compared with 2,254.4 a week ago and down nearly 10 per cent on its mid-July all-time high.

There seems precious little on the immediate horizon to encourage much of an advance, and plenty which could cause a further dip. Despite a bullish report this week from the National Institute of Economic and Social Research, suggesting that fears of economic overheating are exaggerated, the markets remain very nervous about inflation—particularly the gilt market, where the yield on long-dated stocks rose on Thursday through the psychologically

important 10 per cent barrier. That puts the yield gap between Government stocks and equities at an extremely wide 7 per cent. And while interest rates are not set to go up now, a rise might be necessary before too long.

Nor have City nerves been soothed by persistent rumours around the market—although with no firm evidence to support them—that a major securities trader might be in financial difficulties.

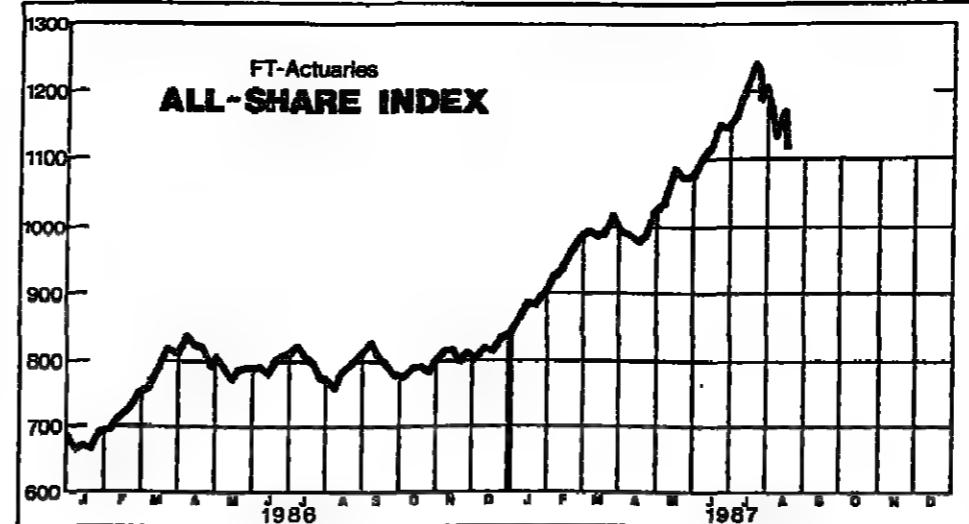
According to one theory, the antidote to all this anxiety will be a sparkling set of results from corporate Britain in the autumn. But this week's figures have done little to lighten the gloom.

Jaguar's interim profits were down by nearly one-third to £45.7m, well below the expectations of analysts who also were disappointed by Unilever's second-quarter figures—despite a 28 per cent rise in earnings. It was not long to take the retail financial services side—personal fund management, employee benefits and the like. All of which leaves Hill Samuel—which has a long history of failed romances—in a considerable quandary. Which way does it move after mailing its colours to the merger mast and arguing that while it was too small by itself to compete against the big new securities combines, it was too large to be a boutique?

However, the biggest corporate surprise of the week came from Hill Samuel, the merchant bank, which announced on Wednesday that its merger talks with Union Bank of Switzerland had been called off. The news astonished the City, which had confidently been awaiting the precise terms of the takeover deal, and Hill Samuel's share price went into a nose dive.

What went wrong? UBS,

which had spent weeks crawling all over Hill Samuel's opera-



tions, finally decided that it did not want the bank's particular mix of businesses. While it would have liked the merchant banking, stockbroking and institutional fund management arm, it did not care to take the retail financial services side—personal fund management, employee benefits and the like. All of which leaves Hill Samuel—which has a long history of failed romances—in a considerable quandary. Which way does it move after mailing its colours to the merger mast and arguing that while it was too small by itself to compete against the big new securities combines, it was too large to be a boutique?

Also, it faces this test without its long-time chief executive, Christopher Cartleman, who resigned in protest at the UBS talks. He was replaced this week by David Davies, the former managing director of Hong Kong Land.

If UBS had been a British or American institution, rather than an ultra-conservative Swiss one, it might well have bought the bank and then sold the parts it did not want. An instructive lesson in how to do this came at the start of the week when British and Commonwealth Holdings, the financial services conglomerate headed by John Gunn, reached agreement with a rival bidder Quadrax Holdings on dismembering Mercantile House, the money-broking to fund management group.

Elsewhere on the takeover front, the British invasion of America continues, with Pilkington, the glass manufacturer, which fought off a bid from STER earlier this year, expanded its ophthalmics interests with a \$36m offer for Visioncare, a leading US lens manufacturer;

### COMPANY NEWS SUMMARY

#### TAKE-OVER BIDS AND MERGERS

Company M&A bid	Value of bid per share**	Shares offered in bid	Price before bid	Value of bid £m**	Bidder
Prices in pence unless otherwise indicated					
Babcock Int'l	310*	297	285.1†	414.67	FBI Electricals
Bigel	78	80	70	55.68	CI Group
Country New Twn	197*	125	190	59.62	Peninsular
Derritent Stamping	425*	665	443	28.22	Circle King
Derritent Stamping	228.1*	665	545	10.38	Circle King
Holden Hydrocarb	268*	225	215	6.20	BBA
Holt Lloyd	103	164	155	7.31	Telfis
Hunziker	610	940	485	72.00	Brookville Seats
Jarvis G.M.	100*	116	105	14.40	Redevco
Kent (Ldn)	600*	625	635†	16.22	Rightmove
Lindau	232	220	214	24.08	Gooderham
Lewmar	150	142	140	33.75	Priest (Bermuda)
Morins Dev't	125*	515	122	6.32	Marita
Mayfair City Fpns	235	215	233†	26.30	St. George & Compania
Mercantile Cotts	600*	545	588.60	58.60	Black Leisure
Miss Sam	207	190	182	27.08	Sister
Mitchell Cotts	82	82.5*	84.5	8.74	Tiger Family Mills
Molins	300†	315	325	325.00	Rerd Ind
Odeon	44*	420	430†	18.00	Glynnard Ind
Paragon Constructions	131	128	126	7.38	Yale Cattie
Reinbeck	275*	274	224	20.98	Midsomer Leisure
Eiley Leisure†	965	95	75	15.19	Phoenix Fpns & Finns
Robert Grop	264.1*	233	245†	35.69	Delta Group
Ryanan Group	122.95	190	125	22.00	Delta Group
Scholes (G. El)	5501*	520	510	70.69	Mr R. Randal
Sims Cleaning	128	128	145	6.15	Willis Faber
St. George & Wrigley	561.6	564	500†	24.74	Wrigley
Stockley†	135	163	124	32.00	FBI Electricals
Stone Int'l	102	105	105	10.54	Hollis
Stobart & Pit	219.4	204	117	21.04	Comet Lease Fin
Tech for Business	174.1	174	169	7.08	North West Fin
Werndl†	195	145	139	15.85	Werndl

\* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. \*\* Based on 2.30 pm prices 21/8/87. † At suspension. §§ Shares and cash. ¶ Related to NAV to be determined. In loan stock. §§ Suspended.

#### PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (000s)	Earnings* per share (p)	Dividends* per share (p)
Aerospace Eng	April	1,500	(1,000)	7.4 (5.5)
David's Dy	April	1,040	(765)	12.7 (9.4)
Herriger Brooks	May	160	(131)	8.6 (9.3)
Hightech & Job	Mar	2981	(41)	— (—)
Hill Samuel	Dec	6,200	(6,200)	64.5 (195.8) 46.0 (60.0)
Hove Trade Serv	April	37	(27)	3.4 (3.1)
Ital	May	123	(59)	3.6 (5.2)
Smith W. H.	May	62,800	(44,860)	16.3 (16.3) 7.6 (6.0)
Wholesale Fittings	April	5,530	(5,470)	25.6 (23.2) 10.1 (8.4)

## Ladbroke has a £50m look

LADBROKE GROUP'S one-third/two-thirds weighting of profits towards the second half appears to be continuing and the leisure major's interests on Thursday are expected to produce just short of £50m pre-tax.

Since March's heavy £249m rights issue, the group shares have suffered from speculation (perhaps inspired by competitors) over the future of the SIS race broadcasting system.

The depressed figure reflects the impact of weather conditions on the group's activities on the eastern seaboard of the US.

On the domestic front, good

#### Results due

time to show up on the bottom line.

Interim results, due on Tuesday from Alfred McAlpine, the construction, minerals and homes group, are expected to show pre-tax profits of around £7.5m, marginally up from £7m in last year's first half.

The depressed figure reflects the impact of weather conditions on the group's activities on the eastern seaboard of the US.

However, Ladbroke's betting operation has expanded with the addition of a former 100 punt above half of them in the north London area.

Hotel and holiday operations will have had their traditionally quieter first half but the property divisions' profits—Ladbroke's £50m portfolio—is the 10th largest in the UK—are expected still to be growing at a 20 per cent-plus rate, with the group's US property development activities highlighted favourably by analysts recently.

Texas Homecare, the DIY chain, is looking to almost double its profit contribution to the group in its first full year as member.

Interim results of Northern Engineering Industries, to be announced on Wednesday, will continue to be depressed by the company's restructuring programme begun last year involving the loss of 7,500 jobs. About 1,500 plant-based jobs are to go this year.

Despite this, analysts are looking for an improvement, with interim pre-tax profits rising from £10.6m to something closer to £12m.

The precise figure is difficult to pin down because of uncertainties about the timing of the programme. The restructuring does appear to be moving forward according to plan, and the order book is looking strong, but in the heavy engineering field this will take

progress is expected on the housebuilding side in light of the mid-year upturn in property and greater concentration in the south of England.

In the minerals division, some improvement on the back of the strong demand for aggregates is predicted.

At Glynnard International, the fast-growing Midlands industrial group, analysts are predicting pre-tax profits of about £24m, compared with £19.3m, when it produces its interim figures on Wednesday.

The group's commitment to achieve an annual increase of 20 per cent in earnings growth should be achieved more than comfortably, although some analysts are predicting this figure will become increasingly difficult to maintain.

The company has not looked back since its South African divestments. It has strengthened its presence in the plastics market by acquiring Plastics Constructions and the Italian-based Formatura Iniezione Polimeri (FIP) earlier this summer.

Both acquisitions, plus extremely good asset management, have contributed to Glynnard's growth. It is not a company to take risks.

Company

Announcement date

Dividend (p)\*

Last year Int.

This year Int.

Final Dividend Int.

Wednesday 2.7 4.0 2.7

Tuesday 0.7 1.2 1.2

Tuesday 0.8 1.1 0.8

Tuesday 4.0 6.0 4.8

Tuesday 1.0 2.1 1.8

Tuesday 1.2 2.5 1.8

Tuesday 0.8 1.0 1.0

Tuesday 2.3 4.2 2.8

Thursday 1.1 — —

INTERIM DIVIDEND

Alcon Holdings

Thursday 2.2 5.7

Wednesday 4.5 2.5

Monday 1.1 2.1

Thursday 0.5 1.2

America Trust

## • MARKETS •

# A stumble, not a fall

THE US stock market was riding for a fall last week. Everybody said so. But the fall, when it happened on Tuesday, was little more than a stumble.

The Dow Jones Industrial Average, the collection of large capitalisation stocks where all the action is, dropped 45.82 points on Tuesday, its largest correction since May 15. But the Dow picked itself up at the end of trading on Wednesday, feeling very pleased that it had broken no bones. By Thursday it was in full career again, bursting through the 2,700 level to close at a record 2,706, up 40.97 points. The flanking markets for fixed-interest and foreign exchange were left sounding.

The progress of the US stock market has become a little eerie. It is not simply the absolute rise in price, although this is money enough; since January 3 the Dow has pushed through eight century barriers with ever increasing force. What traders find weird is the Dow's vigour when the two other markets are providing no life support.

In the course of the week, bond prices fell more than two points at the long end, while the dollar fell about Y7 from Friday to Friday in a delayed response to bad balance-of-trade figures. But the stock market overcame these problems. It is as if stock buyers have given up worrying about the interest cost of the funds they use to buy equities, or about the currency in which the stocks are denominated.

For the best part of the present bull market in stocks,

or from the middle of 1983 until the end of last year, the equity and bond markets were moving together. If anything, bonds provided a slightly better total return. At the beginning of this year, though, the two markets diverged dramatically. Stocks have risen more than 40 per cent while domestic investors in bonds have suffered a capital loss.

The result is new territory for those who value stocks, according to William Helman,

## Wall Street

of Smith Barney. Historically, the equity market was considered riskier than the fixed-interest market. Stocks were valued so as to offer a higher total return than that available from good-quality long-term bonds. This extra return was called the risk premium.

The Standard & Poors 500, a wider measure than the Dow 30, has risen so much that its average dividend yield has fallen to a mere 2.6 per cent. Helman adjusts to 3 per cent because prospective dividends will be higher, and adds 1.5 per cent for the rate that inflation-adjusted dividends will probably grow. This leaves a potential dividend total return on stocks of 4.5 per cent.

If future inflation is going to average 4.5 per cent, which is the market's consensus estimate, then the nominal total return on stocks is 9 per cent. This coincidentally, is the ap-

proximate yield on 30-year treasury bonds, which means that the risk premium is nil. The markets have decided, at least for the moment, that stocks are no riskier than bonds.

With the dollar, the picture is even stranger. Admittedly on Tuesday even the stock market lost its nerve. In the course of the day, the dollar shed more than three yen of value when foreign exchange dealers decided that the US trade deficit was getting no better. But while the fixed interest markets had not regained their poise by the weekend, stocks were holding up, even amid Friday's new bout of dollar

strength. The only explanation is a rather feeble one: that foreign investors have decided that US stocks offer a better hedge against dollar weakness than US bonds. It does appear that any extra foreign investment is going into US stocks rather than bonds.

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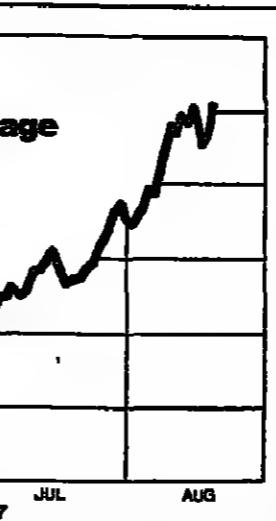
Last Tuesday, though, Citicorp handed in its bill—and it was large, even by New York standards. The largest US banking group, which was the first publicly to recognise (in May) that many of its Third World

banks were worthless, announced that it wants to raise more than \$1bn in new capital to plug the holes left in its balance sheet by these disappearing assets. Several other banks, which are not much better capitalised than Citicorp, are bound to try to follow suit. The prospect of a flood of new shares diluting available bank earnings should be dreary enough to stop the most enthusiastic bull. The stock market duly marked Citicorp down \$3 to \$63 on Wednesday. Manufacturers Hanover fell \$1 to \$44 and even the mighty J. P. Morgan, not usually considered to be in need of capital, fell \$2 to \$80. But by Friday, Citicorp had recaptured half its loss while J. P. Morgan was racing ahead at over \$51.

James Buchan

Even the locals now seem a touch uneasy about average p/e ratios of around 70 and dividend yields of about 0.5 per cent. But instead of sticking their money under the bed, the Japanese are buying foreign equities at an enormous rate.

Trading on the foreign section of the Tokyo Stock Exchange in July jumped by more than 50 per cent from June's record



## Big money goes on the prowl for returns

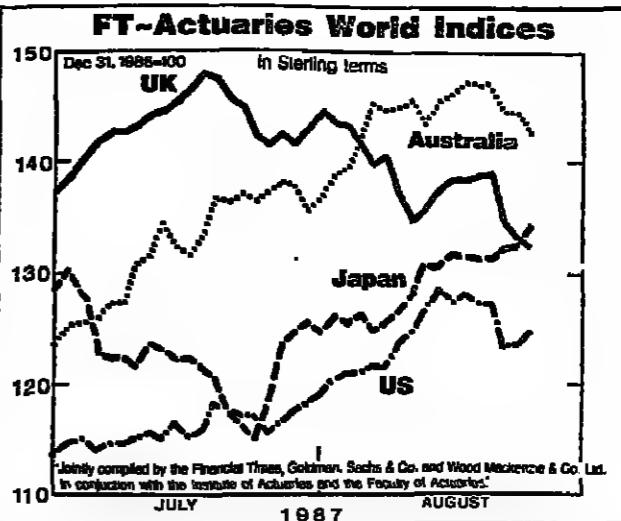
FOR INTERNATIONAL investors the world has become an extremely complicated place over the past couple of months, with enormous differences between success and failure. To take the two extremes the Mexican market has risen by around a quarter since the beginning of July, whereas Italy is down by a tenth.

Among the major markets, Japan remains in a state of convalescence following its setback late in June and the UK has been looking very groggy.

But the US market has gone from strength to strength, showing gains of around a tenth since July 1.

As well as national markets, particular groups of shares have also been moving in different directions. Those in commercial banks around the world were noticeably weak during the month of July. But the total return (capital gains plus dividends) on an international portfolio of precious metals and mining stocks in the month was nearly 25 per cent, and markets like Australia, Canada and Norway have been rising strongly with the help of gains in the natural resources sector.

The best picture of these worldwide trends is to be found in the daily tables of FT-Actuaries World Indices. This is based on the share prices of some 2,400 companies, all of which are available to inter-



national investors, and the indices are calculated in the same way as the long-established FT-Actuaries Indices of the UK market.

They started off at the begin-

ning of this year with a base

value of 100, so the winners

and losers as far as 1987 are

very obvious.

The most extraordinary per-

formance is that of Mexico, the index in sterling terms has risen not far more than three-fold this year. This seems to reflect an enormous surplus of liquidity in the domestic capital markets, which are now be-

ing hit with a whole series of new issues. With inflation sur-

ging to an annual rate of more

than 130 per cent in July, this

is about as risky and specula-

tive a bubble as you can get.

Concern about inflation is obviously growing around the world. That is certainly true of the story in the UK. In the past few weeks, and it explains why

shares in companies like Amex and Phelps Dodge in the US, Falconbridge in Canada and Western Mining in Australia have been shooting up.

Bond markets also have re-

sponded to inflation worries.

In the US, the yield on the long

bond has climbed from around

7.5 per cent to near 9 per cent;

yields on 10-year treasury issues

in West Germany are up by

about a point from around 5.5

per cent, while government

bond yields in France and the

UK are pushing up to beyond

10 per cent. Long term

bonds in Japan also are sharply

up.

Meanwhile, dealers will be

keeping a keen eye on the

negotiations at Inco's

Manitoba smelter in Canada

and Inco is only just beginning

to work up production after a

similar closure.

In addition, Outokumpu of Fin-

land is cutting output while its

plant undergoes maintenance

work, as is Societe Le Nickel at

its New Caledonia plant. In

Japan, Nippon Mining is with-

drawing from production com-

pletely.

On top of all this, the Soviet

Union has been selling less

nickel to the West than last

year, when its exports helped to

push nickel prices down to four-year

lows. According to Robin Boar,

nickel analyst with Rudolf

Wolf, the LME trader, the

Soviets have begun to realise

that they cannot swamp the

market if they want to get

reasonable prices.

Last year, Soviet exports to

the West were running at

about 5,000 tonnes a month. So

far this year they have averaged

about 4,000 tonnes. Although

Bhar says Soviet exports are

always stronger in the fourth

quarter of the year.

Supplies from socialist coun-

tries are likely to pick up

again next year, however,

according to the Shearson

Lehman review. The Chinese

look set to double their exports

to 8,000 tonnes this year, but

the review says this will not

have a significant impact on

the market.

The real impact next year

is likely to come from the

long-awaited Cuban nickel

industry, potentially one of

the world's largest.

Indeed, at the beginning of

August, the market is building

two \$00-tonnes-a-year smelters,

but technical problems have dogged the projects so far.

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bonds in Japan also are sharply

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However, the risk in these

minor markets is that once

fashions change, foreigners can

get crushed in the rush to the

exit. For most private inves-

tors, the international market

which matters most is still the

US. The bull market there is

five years old and going strong,

and its progress in the coming

months will have a major im-

pact on the overall performance

of



# It takes a special kind of bank to be a power in both corporate trust and Eurosecurities.

## It takes Bankers Trust.



Bankers Trust was selected as exchange agent for the \$2.6 billion acquisition of Storer Communications by its management and SCI Holdings, Inc.—a corporation organized by Kohlberg, Kravis, Roberts & Co. In 1986, our specialized reorganization processing team handled acquisitions totaling over \$20 billion, including three of the five largest.

You might expect a bank with "Trust" in its name to be a powerful force in corporate trust and agency services. So it should come as no surprise that more than 2,000 corporate and governmental entities worldwide depend on Bankers Trust to service over \$150 billion in securities. (We exercise fiduciary responsibility for over \$80 billion in debt securities alone.)

But for the same bank to be a major force in the Euromarkets—that might seem surprising. Yet last year, Bankers Trust lead-managed 20 Eurosecurity offerings totaling \$2.5 billion. And was one of the most active participants in the secondary market, where we are a market-maker in over 600 different Eurosecurities.

Such dual leadership is the result of Bankers Trust's remarkable brand of banking: merchant banking.

Merchant banking blends two distinct aspects of banking. One is the lending capabilities and breadth of non-credit services of a commercial bank. Among these are our trust and agency services.

The other half of merchant banking involves the intermediary skills and entrepreneurial spirit of an investment bank. From this half springs our strength in the Euromarkets.

It's this combination of investment and commercial banking services that has made Bankers Trust the choice of so many private and public sector entities. For more often than not these days, what once were purely commercial banking functions now require a considerable degree of investment banking know-how. And vice versa.

The combination has given Bankers Trust leadership in many areas. Among them:

**Trading.** From our regional trading rooms in New York, London and the Far East, we execute over \$20 billion in money, securities, and currency transactions daily. Bankers Trust is today one of the five largest primary United States government securities dealers and one of the acknowledged leaders in foreign currency trading.

**Loan syndication.** Bankers Trust plays a major role in the global syndicated loan and Euronote market. We are sixth among the top 50 lead managers worldwide, and are ranked fifth by leading participants in the world's capital markets in terms of innovative instruments and pricing.

**Swaps.** Bankers Trust is a universally acknowledged market leader in the intricate world of currency and interest rate swaps. Our team of specialists in New York, London, Tokyo, Hong Kong and Toronto completes an average of five deals every day.

**Securities services.** Bankers Trust's securities services capabilities go far beyond our leadership in worldwide custody and clearance. We also offer programs like Institutional Brokerage, Securities Lending and Dividend Plus to maximize the earning power of the securities we service.

In almost every area, Bankers Trust's merchant banking skills can serve you, and serve you well. Indeed, many clients now turn to us for virtually all of their banking needs.

**Merchant banking.** If you're not yet taking advantage of it, you should. With the special kind of bank that can best put it to work for you: Bankers Trust.

When Bankers Trust brought a \$350 million Eurobond issue to market for the European Economic Community, it was the largest bond and swap issue ever, and one of many arranged by Bankers Trust.



### Bankers Trust Company

Dashwood House, 69 Old Broad Street, London

Kishimoto Building, 2-1 Marunouchi, Tokyo

Merchant banking, worldwide.

## • FINANCE &amp; THE FAMILY •

## Advisers in two camps

IF YOU went to your bank or building society to ask for advice about an endowment mortgage, a pension, or unit trusts, would you mind if the manager tried to sell you one of his own group products? Or would you expect him to give independent advice on the whole range of products available on the market?

These questions have been brought to a head by the fact that from next year, Abbey National and all the big clearing banks (with the possible exception of National Westminster) will be selling only one range of products through their branches. But most building societies will be giving independent advice.

This division has been forced by the Securities and Investments Board (SIB), the new financial services watchdog, which is requiring all financial institutions to choose between giving independent advice and selling only their own products. What they will not be able to do is give independent advice and at the same time sell their own products through the same branches.

SIB has done this because it wants to protect the consumer. It argues that if banks were able to give advice and sell their own products, there would be doubt about the independence of that advice. Consumers could be duped by banks and societies masquerading as independent advisers while in fact pushing their own products.

The alternative argument, however, is that by artificially forcing financial institutions to choose one or the other, SIB has ended up by reducing the amount of choice available to consumers.

Given that the industry is dividing itself into two camps—the banks and Abbey National in one, and the other societies in the other—which should you, as a consumer, patronise?

It might seem obvious to go to those institutions offering independent advice and the full range of products. It is clear that societies taking the independent route will make great play of this in their marketing next year. And many large life companies without their own sales forces will be running a high-profile advertising campaign stressing the virtue of taking independent advice.

But independent advice on its own is not good enough. It is vital that such advice be of sufficiently high quality. The suitability of the advice being given by each institution will depend on the complexity of your needs and the product you are looking to buy.

With endowment mortgages, for example, you will almost certainly be better off getting independent advice; there is no reason to suppose that those banks with in-house life companies are offering the best products available in the market.

With the Mutual Bank of Scotland, which does not have their own life companies, are at the moment planning to introduce clients who want life policies to their in-house insurance brokers. These will give independent advice but, because of SIB's strictures, they will not be able to operate through the bank branches.

With Abbey National, the situation is slightly different. As building societies are not allowed to underwrite insurance policies, Abbey has decided to sell only the products of Friends Provident, the large mutual life company.

At the moment, Friends is one of the top-performing life companies. But, as Jim Birrell, operations director at Halifax, Abbey's greatest rival, says: "It is unlikely that a single company will consistently have the best product over a period of years."

The approach of Halifax, and, increasingly, other societies, is to display a range of endowment quotes on electronic view-data screens in its branches. And, because endowment mortgages are fairly simple products, everybody selling mortgages is capable of giving advice.

Customers like viewdata," says Birrell. "It is a marketing advantage to be able to display a series of quotes. Customers see there is real choice."

The problem is that giving advice on products other than endowment mortgages is not so simple. Pensions, for example, which are expected to become big business next year, are notoriously complex, and even picking the most suitable unit trust for a client can be hazardous.

The difficulty about training branch staff to give sophisticated advice of this kind is at



Peter Birch: chief executive, Abbey National

THE £7.5BN sale of the Government's remaining stake in British Petroleum is set to match the privatisation of British Gas for sheer razzmatazz.

The advertising campaign for what will be Britain's biggest ever share offering will be on a scale the like of which has not been seen since Sid, the imaginary British Gas inventor, stalked the television's picture boards and newspaper pages last October.

It is easy to see why. Not only is this a huge issue, dwarfing even the £5.5bn British Gas flotation; it is also an offer of shares in a company already quoted on the stock market, so millions of people have to be persuaded that it is suddenly a good idea to buy shares in a company which they may have previously ignored for 10 years.

So the Government and its advisers have come up with an elaborate marketing strategy, aimed at creating maximum public interest in the issue and encouraging the belief that it is "one to go for," like all the other recent privatisations. Of the £7.5bn worth of shares to be offered, about £6bn worth

will constitute the sale of the Government's remaining 31.5 per cent stake in BP. The other £1.5bn worth will be new shares issued by the company to raise funds for its development. The prospectus will come out in mid-October, and the offer will close towards the end of that month.

Small investors will not be the only targets of the share offering. UK institutions will also be heavily involved; and well over 20 per cent of the shares will be offered directly to the public.

If the subscription level will be reduced if UK demand is heavy, and the Government has made it clear that this is very much an issue aimed at widening and deepening share ownership among small UK investors.

The biggest incentive for the private investor will be the discount to the market price at which the shares will be offered. The structure of the offer has not yet been finalised, but it seems likely that it will be a two-tier affair, with an appreciation discount for small investors, less generous arrangements for the institutions.

Whatever the size of the small investors' discount, however, it is unlikely to be as



BP

large as the premium to which other recent privatisation issues have gone. The Government is therefore investing heavily in a marketing operation to stimulate interest in the issue, and is also lining up other incentives to encourage people to apply.

The advertising campaign was launched in newspapers yesterday and will continue on television today. It is unquestionably aimed at the unappraised investor, with slogans such as "Now for the big one" and "Be part of it." It invites

people to register with the BP share information office and will run in different forms throughout the next two months.

In addition, some nine million people on the share registers of other companies will receive a direct mailing telling them about the share issue, and all BP's 2,000 service stations will be handing out information packs. The idea is that no one in Britain will be unaware that the share offer is on its way.

On the incentives front, people are being encouraged to

register with the share information office by an ingenious arrangement which promises preferential treatment in the allocation to those who register by a certain date. This will not only motivate people to take an interest in the issue, but will also help N. M. Rothschild, the merchant bank advising the Government on the launch, to gauge the likely response in advance.

Payment for the shares will be made in three instalments, so entry costs will be low, and the effective premium and dividend yield on the partly-paid stock will be enhanced.

Other incentives, too, are under consideration. There will be cut-price dealing commissions as in the British Gas issue—and, possibly, perks such as cut-price petrol coupons.

But the Government may need all these incentives, and more, if the issue is to be seen as safe. The recent fall in the London stock market have had a sobering influence on the attitudes of small investors. They may not be keen to participate in further privatisation issues if the value of their existing stocks has been heading firmly downwards.

## Choices set out clearly

Eric Short reads a book which helps to explain how the new pensions work

explaining the new world designed by his predecessor Norman Fowler.

The Department of Health and Social Security this week revealed a drastic cutback in Norman Fowler's grandiose plans for a nationwide road map, now excelling the 1986 Social Security Act.

However, this does not mean that the Government does not care whether you understand the situation. After all, it has a strong vested interest in making the new pensions provisions work.

The public is not likely to be left in ignorance about the new situation. The life companies and other pension providers, together with the intermediary will see to that. Their information campaigns are likely to be far more informative than anything the DHSS would put forward—if somewhat more commercial.

The Government has taken the more sensible course of backing up these campaigns. Although it has not yet said what support it will offer, previous efforts in publicising changes in social security have taken the form of timetables in newspapers and newsletters.

However, it is employees who will have to decide how to use their new freedom of choice in pension arrangements to ensure an adequate retirement income.

Doing nothing will mean that you will be in the State Earnings-Related Pension Scheme (Serps) by default. For any man under the age of 50 (45 for women) that would be the worst decision.

We will be setting out the choices available and the factors that need to be taken into account. However, for employees who want to start their deliberations early, the first book on the subject aimed at informing the individual, rather than the intermediary, is published this week.

Your New Pensions Choice, is written by an accountant, John Wilson, and a pensions actuary, Bryan Davies.

The language and style is easy for the layman to follow, as far as the complications of the legislation will allow.

It has been said more than once that it is the legislator, rather than the actuaries, who have

overlooked the impact of the financial services legislation on the new pensions world.

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# When small means strong

**THE SMALLER** companies sub-sector stands out above the dramatic growth of the UK market generally during the first half of 1987. The new Hoare Govett Smaller Companies Index rose by 56 per cent to the end of June, outperforming the All-Share by 18 per cent—a fact which has drawn wide comment.

In unit trust terms, the same story is reflected. The UK Growth sector average is up 44.9 per cent over six months to August 1, and 70.8 per cent over one year. UK smaller companies trusts are mostly included in this sector.

The "smaller companies average" in the accompanying table is the average result of the unit trusts whose returns are given. These are all the smaller companies trusts which come into the sector top 20 on the basis of a one-year ranking.

Where the trust is flagged explicitly, it could be hard to know what you are dealing with. Baillie Gifford's new British Growth trust, for instance, invests wholly in smaller companies. In practice, there might also be a lot of overlap between smaller companies and special situation portfolios.

Of the 149 UK Growth trusts, 37 describe themselves as smaller companies trusts. Of 68 trusts in the sector which performed above the average for one year to August 1, 26 invested in smaller companies.

SMALLER COMPANIES TRUSTS										
Performance for periods to August 1, 1987. Offer to bid, income reinvested. Brackets figure shows sector ranking in UK growth sector.										
	Six months		One year		Three years		Five years			
	Net Asset Value (£)	Yield (%)	Nth. Amer. (%)	Japan (%)	Other (10) (%)	Gearing Factor (11)	base=100			
Manulife Smaller Companies	88.5 (2)	14.2 (1)	—	—	—	—	—			
Tyndall Smaller Companies	87.9 (11)	12.7 (3)	—	—	—	—	—			
Buckmaster Smaller Companies	71.2 (11)	11.8 (7)	217.3 (36)	462.5 (21)	397.3 (22)	—	—			
Actua Smaller Companies Growth	72.8 (9)	10.5 (10)	256.5 (19)	397.3 (22)	377.0 (13)	—	—			
County Smaller Companies	72.2 (10)	10.5 (11)	318.5 (10)	470.8 (13)	400.0 (11)	—	—			
Sentinel Smaller Companies	69.5 (32)	10.4 (12)	244.3 (25)	356.3 (31)	356.3 (31)	—	—			
Lazard Smaller Companies Growth	76.7 (7)	10.7 (14)	236.3 (32)	382.3 (26)	382.3 (26)	—	—			
Gartmore UK Smaller Companies Recovery	69.2 (15)	9.5 (16)	285.3 (15)	424.7 (18)	424.7 (18)	—	—			
S & W Smaller securities	84.6 (20)	9.6 (18)	245.3 (25)	446.8 (17)	446.8 (17)	—	—			
Brown Shipley Smaller Companies	89.5 (14)	9.3 (20)	245.3 (25)	446.8 (17)	446.8 (17)	—	—			
UK Growth sector average	44.9 (149)	70.3 (140)	282.2 (39)	355.4 (74)	355.4 (74)	—	—			

Source: OPAL

	FINANCE & THE FAMILY									
<b>Income without worry</b>										
THE CONSTANT worry of many investors is how to maintain their income, while at the same time achieving some sort of capital growth to protect their investment from erosion by inflation. The fall in interest rates earlier this year, reversed only partially by the recent rise in bank base rate, caused some concern, especially among those relying on building society interest or deposit accounts as an important source of income.										
Various schemes have been formulated to allay these fears. But Berry Birch & Noble, the financial services group quoted on the Unlisted Securities Market, seems to have come up with a new idea, or at least a clever variation.										
Its answer is to combine an annuity with a unit trust to provide a regular net income of at least 8 per cent, while at the same time offering the prospect of capital growth. Under the BBN Income Plan, as it is known, part of your										

Six of the smaller companies trusts were too new to have a one-year performance record, leaving only five such trusts which have performed consistently below the sector average.

Outperformance by smaller companies trusts is not a flash in the pan. The table shows that top-performing trusts have been so for at least five years.

None of the results shown is below the sector average, and the "smaller companies average" speaks for itself.

At third place over a year and first over six months is Tyndall Smaller Companies, the former Westway British Smaller Companies. Manager Silvia Rees puts the fund's striking performance in part down to a heavy weighting in property and financials. It is also represented strongly in printing, paper and packaging but, other than that, is well spread across the sectors. (The definition of a smaller company is one with a market capitalisation of less than £150m.)

Over the severe dip in the market in the first week of this month, the Tyndall trust was helped by a significant level of liquidity, due to positive cash flow, and Silvia Rees' cautious attitude during the past couple of months. She expects smaller companies in general to perform at least in

line with, or better than, the market on a one-year view, "although the past 12 months have been exceptional."

She sees the relatively poor marketability of smaller stocks as an advantage in two ways.

If people want to sell in a market, they get rid of their more marketable stocks first.

On the other hand, weight of money coming in to such stocks provides an disproportionate effect on growth.

Baillie Gifford was one of the groups which leapt in with a British trust in the wake of the election. Max Ward manages the British Growth trust, which invests in equities of less than £100m capitalisation.

Among his reasons for advocating small company investment are their greater sensitivity to economic conditions and the "small base" argument which Silvia Rees also puts forward—namely, that it seems easier for companies to sustain strong growth when they start small.

Ward also points to management attitudes in smaller companies. Since managers themselves tend to be major shareholders, their strategy tends to be one which protects the share price.

There are also technical reasons for favouring small companies. "The share price of

ICI reflects the sum total of human knowledge about the company. With smaller companies which are less well researched, you can still find price anomalies," Ward says.

In spite of the market setback, he still feels that smaller companies look cheap. While the rise in interest rates means a more cautious view for the immediate future, his longer-term optimism for small companies remains intact.

He is surprised at the extent of overseas buying boom in the UK market but has not materialised but feels that when the foreigners start buying UK blue chips, this should have the knock-on effect of releasing domestic institutional money for the purchase of smaller stocks.

Many managers now find themselves underweight in these, having reduced their exposure because of pre-Big Bang fears that small companies would be unsaleable in the new market.

However, Ward adds: "People are more cautious about new directions when the markets are under pressure." There could be a temporary brake on the fortunes of small companies trusts, but the long-term outlook continues rosy.

Christine Stopp

Management attitudes in smaller companies. Since managers themselves tend to be major shareholders, their strategy tends to be one which protects the share price.

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# Income without worry

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Various schemes have been formulated to allay these fears. But Berry Birch & Noble, the financial services group quoted on the Unlisted Securities Market, seems to have come up with a new idea, or at least a clever variation.

If the unit trust holding achieves a minimum growth of only 6 per cent in a year, this will be sufficient to pay back the total sum invested, but if a higher growth rate is achieved, as is likely, then the value of the original investment will be increased too.

As with any investment involving the stock market, there is an element of risk. As companies always want, the price of unit trusts can go down as well as up. However, the income from the annuity is guaranteed, and the likelihood of a unit trust not achieving the

value of the original investment is fairly remote.

Most fund managers would expect to do a lot better than that: indeed the Sun Life Managed High Yield Trust, which will be used for the scheme, grew by 19.5 per cent in the first two years since its launch in June 1985. Sun Life is also an acknowledged leader in the special needs annuities market, so there is a nice mix of top performers from one group, making the scheme administratively simple.

Berry Birch & Noble has negotiated special terms with Sun Life for the Income Plan—including discounts on the unit trust purchases which would not be available to the private individual—so is able to offer a better package than if you decided to go for a do-it-yourself alternative.

Some building societies are now offering annuities at 8 per cent, with guarantee to return your original investment. However, building society rates are nor-

Interest is at a negotiated premium over base rate, but the arrangement fee is 1 per cent of the value of the loan, plus costs.

Another clearing bank, National Westminster, has also recently introduced several new products for UK nationals living or working abroad.

These include three insurance schemes—for life cover, income protection and personal health.

NatWest is also offering a new range of Channel Island deposit accounts specifically for expatriates, with a reduced minimum deposit of only £500.

J.E.

# Expatriate loans

of the valuation or cost of the property, whichever is the lower. For larger loans the limit drops to 70 per cent. There is a £125 arrangement fee plus costs.

Foreign residents living in the UK on an overseas posting are offered mortgages on a similar basis to expatriates—by a negotiated premium to base rate—but the maximum repayment period is only five years. Interest-only payments are made with no reduction in the capital and the loan is repaid

alternatively, under a property investment loan scheme, foreign nationals are advanced sterling funds to buy a UK residential property, repayable over 25 years. Loans of between £50,000 to £75,000 are available, but regular reductions of capital and interest are required, although there are endowment or lump-sum repayment options.

# The Investment Trust Table

The figures in the columns below are based on information supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures are unaudited.

as at close of business on Monday 17th August 1987				as at 31st July 1987				as at close of business on Monday 17th August 1987				as at 31st July 1987						
Total Net Assets (£ million)	INVESTMENT POLICY Trust (2)	Management (3)	Share Price (4) pence	Net Asset Value (£)	Yield (%)	Nth. Amer. (%)	Japan (%)	Georgian Spread	Total Net Assets (£ million)	INVESTMENT POLICY Trust (2)	Management (3)	Share Price (4) pence	Yield (%)	Nth. Amer. (%)	Japan (%)	Georgian Spread	Total Return on N.A.V. over 5 years to 31st July 1987 (£)	
				UK	(5)	(6)	(7)	base=100									base=100	
<b>CAPITAL &amp; INCOME GROWTH</b>																		
222	American Trust	Independently managed	108.6	2.8	126.6	45	49	7	6	98	305	Ivy & Sims	85	3.7	103	88	20	107
145	Bankers	Touché, Rennert	97	2.3	108	48	28	7	15	106	206	First Scottish American	106	3.8	106	106	20	419
483	British Investment	Independently managed	618	3.8	768	56	19	15	7	90	98	442	442	4.5	580	96	24	415
124</td																		

## CLUTTONS

Wilcote, Oxfordshire



Oxford 14 miles. Woodstock 7 miles. BR Finsbury 2 miles (Paddington 65 minutes). A charming 6 Bedrooomed Country House of great character, peacefully located and having superb views.

In all about 3 Acres  
Offers invited in excess of £300,000  
Oxford Office, Tel: (0865) 246611

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Henley 12 miles. Oxford 1.5 miles. Didcot 5 miles (Paddington 30 minutes). An extremely elegant and spacious 4 Bedrooomed House set in mature Gardens, bounded by a stream and surrounded by open countryside.

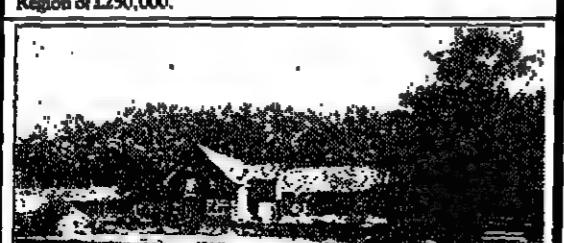
In all about 1½ Acres  
Offers invited in the region of £250,000  
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NORFOLK - Near Thetford  
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Hall, drawing room, dining room, sitting room, 4 bedrooms, 3 bathrooms (2 en-suite). Conservatory. Oil central heating. Outbuildings. Garage. Stabling.  
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Wroxham 2 miles. Norwich 7 miles.  
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160ft river frontage. Wet boat house.  
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A house exchange service is available.

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Knightbridge office open Saturdays 10am-1pm. Tel: 01-730 9251

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## PROPERTY

John Brennan reports on London's biggest-ever flat conversion scheme

## £250m apartment deal agreed



Successful bidder: Keith Meehan, Berkeley House chairman

CONTRACTS have been exchanged on a deal that will result in the largest residential conversion ever attempted in London. Berkley House plc has agreed to buy both the north and south sections of ICI's 750,000 sq ft Thames House office building on Millbank for conversion into a vast, 750-flat apartment block with a completed value of more than £250m.

The Grade II-listed Thames House, designed by Sir Aston Webb and started in December 1926, faces the river at Lambeth Bridge and stands less than 100 yards along the Embankment from the Tate Gallery and just a few minutes' walk from the Houses of Parliament.

It was sold by private tender on August 7 when Berkley House beat counter-offers from a number of development companies keen to refurbish the buildings as offices. The private company is understood to have agreed to pay in excess of £200m for vacant possession of the freehold building.

A 10 per cent cash deposit sealed the exchange of contracts and the balance of the purchase money will be paid in two tranches: when ICI vacates half of the building, Thames House North, in June next year and when the Department of Energy and INCO leave Thames House South, some time in 1989.

A detailed planning application for conversion of the building has yet to be submitted to Westminster Council, but Meehan, Berkley House chairman and founder of the company with his brother Graham, says: "We had a clear indication from the planners that they would welcome a residential use of the building as long as we could meet their parking requirements."

Meehan says ICI also was keen to see the form of residential complex Berkley House has in mind next to its recently refurbished headquarters across the river at Imperial Chemical House, which stands on the other side of Horseferry Road by the Lambeth Bridge roundabout.

"ICI preferred our bid because residential use for both of the buildings, and the facilities we intend to introduce into them, will add to the quality of the environment for their staff. Their people are staying in their new headquarters building and Millbank is a somewhat sterile area at the moment," Meehan adds.

Berkley House will be submitting plans that preserve the listed facade and main staircase of the buildings, but which open up the ground floor of both buildings to create a pedestrian way through the interior ground levels of the building and access

to a parade of shops and restaurants. The group might also seek permission to glass-in and make a pedestrian precinct of Page Street, which now cuts through between the lower floors of the north and south sections of Thames House.

Although neither the facade nor the roof line will be altered, there is scope to add extra floors above and below the existing accommodation.

A 250m to 265m gutting and rebuilding job within the frame of the existing structure will increase the below-ground levels to give three floors of space for parking, with 100 covered parking places. Extra ninth and 10th floors at roof level would make it possible to build the 750 flats, which would range in size from 500-500 sq ft studio and single-bed apartments to 1,800-1,800 sq ft three-bedroom penthouse suites.

As with Berkley House's residential conversion of Point West, the former British Airways air terminal building on Cromwell Road, in west London, the designs for Thames House would create mainly duplex flats, all with external (as opposed to inward, lightwell-only) views.

Meehan hopes to have his application with the Westminster Council planners within six weeks, and he is hoping to have full permission for the redevelopment before ICI moves out next June.

The two-phase conversion would imply a pre-selling programme by autumn 1988 for the first 350 flats in Thames House North. They would be ready for occupation late in 1990.

Assuming the Department of

Energy staff move on time, work would begin on the 400-flat Thames House North roughly a year later, and the first residents would be moving into those in 1991. Facilities for the owners, from restaurants and a health club to (possibly) full conference facilities, would be constructed in parallel with the residential building.

As far as planning is concerned, Meehan takes ICI's own major refurbishment of the neighbouring Imperial Chemical Industries House as an encouraging precedent and says: "We are not aware of any particular interest in Thames House, although we would consult with the conservation group and will be preserving all the listed features."

Berkley House's calculations are based on sale prices for 125-

year leases on fully-fitted flats of around £400 a sq ft. That puts the cost of the units into the £250,000-plus category—and that is before allowing £20,000 or so extra to buy a car parking space.

The prices would be a good third above the present average price for equivalent top-quality flats in PointWest, the first flats conversions, but they equate to the prices achieved at PointWest and to the prices of a number of recent riverside developments, such as the flats in the P & O Boats Chelsea Harbour scheme.

Meehan is confident that flats in Thames House will go well at the price. "We will be selling at top prices spread over a period of three years, and we have seen the unsatisfied demand for apartments in buildings where

you provide the quality people want."

"We did sell 300 apartments in PointWest in 20 days, and exchanged contracts on 100 apartments there in one day."

Like PointWest, I believe this is a unique building. There are few comparable for size and I don't think we will see many buildings like this on the market in the next three or four years."

Meehan doubts if the Cromwell Road and Thames House deals mean there will be a spate of major office block conversions to housing. The strength of the office market has reflected in many major, modern, well-located commercial buildings unsuitable propositions for residential conversion, particularly since Meehan believes that any building under 100,000 sq ft would be too small to justify the level of apartment service and facilities needed to attract international and company buyers looking for pied-a-terre.

"You need that size to get the critical mass for services to the community, and most office buildings are also difficult to deal with because it's hard to get sufficient car parking into them," he says.

The particular appeal of Thames House, apart from river views, is its accessibility and retail space, but Keith Meehan intends to appoint Cluttons as managing agent of the completed block. "We have been very impressed by the work they have done for us on other complex management structures," says Meehan. "Cluttons is a frontrunner as sole agent, again because of its success in handling—or, perhaps more accurately, helping to fend off—the buyers at PointWest."

also well within range of the parliamentary division bell area.

It is less than five years since Berkley House, which now has developments planned or in progress with a sale-value approaching £300m, was still approaching a one-building-at-a-time conversion business.

Keith and Graham Meehan started in business in the mid-1970s by converting a Victorian house near Hampton Court into three flats. The Berkley House company has carried out four London church conversions into flats before riding the tide of development in London's Docklands.

Last autumn (in partnership with Land Investors, the brothers undertook the 422-flat conversion at Point West. Earlier this year, Berkley House took on the development management of Pembroke Heights, an 80-flat conversion of the former Barker's department store depository building in Kensington, for the Geneva-based Avismore Investments.

With Thames House, Berkley is raising all the purchase and construction financing directly. Because of the phased purchase payments and sales programme, Meehan sees no problems in raising the necessary finance despite the group's slender capital base.

Share capital and reserves of the company amounted to just £7.6m at its January 31 year-end. Evidence of the wider institutional interest in the business took the form of a £12.75m cash injection from Caledonia Investments, the finance house associated closely with the Cayer family, which subscribed for convertible preference shares that would be Caledonia's principal source of funding for PointWest.

Thames House then, is a long step along the road to the stock exchange. The Meehans, who not only retain full equity control of the company but were, in fact, the only directors until February 1986,

No formal agreements have been reached on who would be involved in the sale or management of the Thames House flats and their associated leisure and retail space, but Keith Meehan intends to appoint Cluttons as managing agent of the completed block. "We have been very impressed by the work they have done for us on other complex management structures," says Meehan. "Cluttons is a frontrunner as sole agent, again because of its success in handling—or, perhaps more accurately, helping to fend off—the buyers at PointWest."

## WAPPING

## 6 magnificent apartments in refurbished eighteenth century riverside warehouse

With stunning southwesterly views over the Thames, each apartment, with more than 2,000 sq ft of living space (4 beds), has been carefully designed and superbly finished.

Part of the dynamic development of Five Trade Wharf by Regaline Properties plc, the scheme offers a superb swimming pool, gymnasium and health spa complex, 24 hour security, secure underground parking and convenient shops and restaurants.

WITNESS 10 MINUTES OF THE CITY

Price from: £450,000

Leasehold: 125 years

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## Out of his depth

I HAVE had a wistful letter from a gentleman in Cirencester who is afraid this column will never again have time for gardening. He thinks it has created a monster which it cannot humour: swimming pools (in his view) are insatiable beasts.

To prove it, he has sent a time-chart of his former week-ends. It runs as follows:

Friday, 7 pm: Reach country after working week and find that pool has gone green and cloudy in Monday to Friday's wet weather. Mix up algae-killer, chlorine and shock clarifier, spray them into the pool, wait in a hurry and escape for dinner.

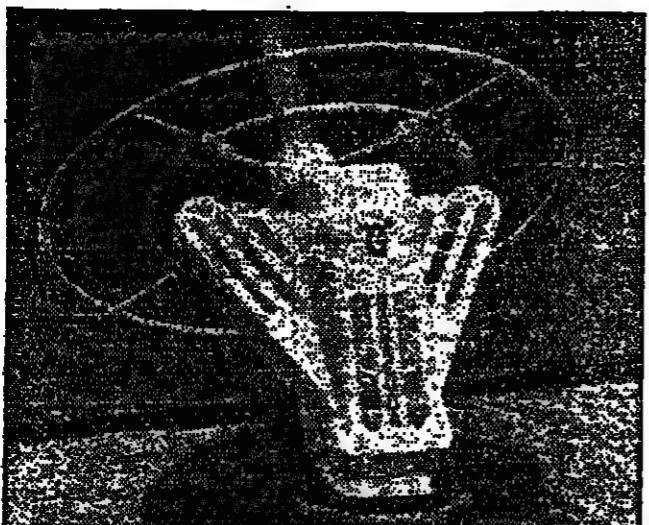
Saturday before breakfast: check pool balance with chemical tester; add more algicide in impatience; try to fish out floating beetles and thunderflies; return to FT and work out whether the news is really as bad as it seems.

Saturday afternoon: ban family swimming until green chemical cloud have dissolved. Try to force pool brush over-long metal stick in order to brush slime off sloping walls; grapple with underwater pool-vac which is supposed to attach to skimmer.

Saturday evening: risk a swim despite further protests from wife who thinks the chemical tester might be lying and the children will catch sore throat.

Sunday morning: return to pool-brushing with brush which children forgot to store in pool shed. Sunday afternoon: green cloud begins to disperse; threat of rain. Saturday night, though, soon to cool off; then back to London for working week; while pool reverts from blue to green to ensure another working weekend.

After a few years, this gentleman did a thing which will horrify new pool-owners: he drained his pool, filled it with rubble and topped up the final two feet with lime-free compost. The pool walls make a self-contained pest garden. As a result, he now grows some of



Algae muncher: the Baracuda

the Cotswolds' best rhododendron in what was once a commuter's nightmare, and his weekends are algae-free.

I intend to avoid both the algae and the rhododendrons.

For a start, I am using a proper floating cover. Amazingly, the number of English pools still lack this essential companion to prevent pool chemicals from evaporating so much.

It prevents pool chemicals from getting into the water and

reduces evaporation by 60 per cent of the water's heat loss to the atmosphere.

**Robin Lane Fox has the last word on swimming pools and promises to return to gardens next week**

The cover should be removed only very briefly when anyone swims and should be replaced immediately on leaving the pool. This stops us from keeping the power bills for heating our former family pool so low that the electricity board tried for two years to prove there must be an error on the meter.

Constant covering and uncovering is manageable if your cover is wound onto a metal hand-operated roller; here, though, appearance conflicts with practicality. Most pool rollers look like oversized boxes of gleaming silver which do not belong in a garden, let alone at one end of a paved pool.

The most discreet roller I could find is the Trim-roller, made by Aire Bank Covers, South Accommodation Road, Leeds, LS10 1PR. Aire Bank is a specialist maker and its robust floating covers are welded properly, guaranteed for three years and available to any measurement in a choice of

**Knight Frank & Rutley**

### Warwickshire

Bridgwater  
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A Coach House conversion of character with lovely views, 2/4 reception rooms, breakfast/kitchen, 4 bedrooms, double garage. Walked garden. About 1 acre. Offers in the region of £160,000. Apply: Stratford-upon-Avon Tel: (0787) 277735 (Evening/1018)

### South Herefordshire

Hawford 6 miles.  
Newport-on-Tay 10 miles.  
Superbly situated detached cottage with full planning consent for re-development.

Marvellous views and surrounded by open farmland. Consent provided for extension with 4 reception rooms, 5 bedrooms and 3 bathrooms.

ABOUT 2 ACRES

For sale by auction on Sept 17 in Hereford.

Tel: (0432) 272007 (0800/KOM)

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Between Lyndhurst & Brookenhurst

AUCTION SALE

1st September 1987 at 4pm

LOT 1-Main residence, longue annexe, stable and 10 acres.

LOT 2-6½ acre paddock.

LOT 3-7 acre paddock.

LOT 4-Single storey lodge with 2½ acres. OFF for replacement house and garage.

About Auctioneer:

Scott & Green Nationwide Estate Agency

Telephone: (0590) 77222

**BRIAN COOPER & Co.**

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**COUNTRY PROPERTY**

**JACKSON JACKSON**

Lymington, Hampshire

A most impressive, beautifully modernised town house, set in its own quiet garden, with a garage and half a tennis court.

The house possesses tremendous character and charm, and is located within a short walk of the High Street, Town Quay and marina. Two reception rooms, kitchen, breakfast room, 4 bedrooms, 2 bathrooms, self-contained flat, swimming pool. Price: £265,000. Freehold.

The House on the Quay, Lymington, Hampshire SO41 8AY

Tel: (0503) 75025

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Old Farmhouse, near Loch Ness. Modernised and centrally heated. 8 main apartments, 2 baths, kitchen, utility room, sunroom, separate dressing room. Superb river-side setting. £70,000. Tel: 0567 477225.

**NEEDHAM**

Old Farmhouse, 200 acres rec-

development/retirement opportunity.

Hall, 3 reception rooms, 4 bedrooms, 2 baths and Coach House for conversion. Secured boundary. Offers over £100,000. Tel: (01244) 252215.

10 Market Hill, Didsbury M16 9BN

Tel: (0161) 2522150.

**SCOTT & PARKER**

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Tunbridge Wells 6 miles (Charing Cross/Cannon St 50 mins)

The major portion of an outstanding 17th century house in beautiful grounds with views to Ashdown Forest

The adjoining portions provide:

3 reception rooms, kitchen/breakfast room, 5 bedrooms,

2 bathrooms, garage

Historic: 17th century

2 reception rooms, 4 bedrooms, bathroom, garages

ABOUT 8 ACRES

FOR SALE AS A WHOLE OR SEPARATELY

Joint Agents: Messrs Powell & Partner Ltd, adj The Church, Forest Row, Sussex Tel: 0342 2261

Strutt & Parker, Lewes Office, 301 High Street

Tel: (0273) 475411 (Ref 6CC4162)

Tel: 0862 650361.

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OFFERS OVER £100,000

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NOW A BARGAIN PURCHASE.

Of interest to horse, dog breeders etc., is this seldom available detached cottage. Situated in a superb elevated position having extensive open views over Huddersfield and surrounding districts and having modernised to first class standard.

It offers substantial family living accommodation together with a garage, 3½ acres of adjoining land and also substantial stone garage and stable block with adjoining loose boxes and is ideal for a variety of uses with ready built pony accommodation. It has oil-fired central heating, triple glazed window units and has recently been re-roofed. Comprising briefly, ground floor: main entrance hall, cloakroom, inner lobby, lounge, separate entrance, dining room, kitchen, side entrance, breakfast/kitchen, dining room, garage. Outside wall maintained and reasonably sized corner gardens with hard standing for several cars, well planned paddocks, substantial garage and stable block comprising 4-car garage, games room, 3 stables, hayloft. Access to rear vegetable garden with several loose boxes, dog pen, greenhouse and cow shed. Freshfield. For further details apply:

Branleys Estate Agents, 12/14 St. Georges Sq., Huddersfield.

Tel: 0484 330361.

## Lane Fox

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ABOUT 1,300 FEET OF SINGLE BANK FISHING WITH EXCLUSIVE FISHING RIGHTS ON THE RIVER DEVER, A CHARMING CHALK STREAM SUBSIDIARY OF THE RIVER TEST

25 acres adjoining water meadows with shooting potential

ABOUT 30 ACRES

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For Further Details Contact Britannia Estates Agents

2880 Fleet Street, Torquay TQ1 1BB Tel: 0805 25171

## OUTDOORS . . .

# Open house in the garden

WE CAME into the National Gardens Scheme via village fund raising. This is a thankless task in a small village where you rely on the same people always to give—a raffle prize, a cake, a bottle of wine, a small donation, their presence on the actual day—and you finish up with a sense of success if over £40 is raised, and an even stronger feeling that you could have written the £40 cheque yourself and saved the hassle.

After a particularly agonising cheese and wine evening held in the garden, with lower skies and the first spots of rain as the raffle was drawn, a friend of a friend, brought along to swell the numbers, looked round the garden and said why didn't we join the National Gardens Scheme?

We, in our ignorance, had

not heard of it before. He explained how it was nationally advertised in a little yellow book,

thus eliminating the press

ganging of friends and acquaintances, and how the money taken at the gate was given to various charities. But a portion of it could be given to your own charity and village fund raising could be avoided forever.

Not only that, but young gardens in the process

of growing are encouraged to join.

What, though, about the dirt and algae? Two main types of

gadget compete in the market

for pool-cleaning. At one end,

automatic Pool-sweeps range

from £700 to more than

£1,000. They have to be

plumbed with a new pump but

then they usually will climb

up to 60 per cent of the

dirt, and oblige their owner

to put them in and out of the

water.

At the other end are the self-

propelling devices which work

by suction of the pool's exist-

ing pump.

To my eye, they rank as

one of the neatest applica-

tions of a vacuum known to

the cause of a peaceful weekend.

The Kreepy Krauly is the

best-known name but its market

is now shared by the cheaper

and easier Baracuda.

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by suction of the pool's exist-

## Dons do it better

LAST WEEK I outlined the management principles which have achieved satisfactory results for my college's portfolio over the last 34 years:

- The fund would be kept fully invested;
- The fund would be widely spread;
- Changes in investment would be considered only once a year;
- No attempt would be made to predict movement in share prices.

The results so far have been consistently good, showing better returns than would have been available had the college invested the equivalent amount in the FT 30-share index.

This week we take a closer look at how the portfolio performed in the year ending June 30 and the decisions taken at the college annual review.

Income from our unit rose by 10 per cent compared with the previous one, and its end-year value rose by 34·4 per cent. These results were broadly in line with general experience. We always find it interesting to compare the total return—income plus capital gains—from £100 invested in our unit at the start of the year with that for the FT index and the All-Share. This year we beat the FT fairly easily (total return 38·8 per cent against 34·8 per cent); we have failed to beat the FT in only seven years out of 34. But we were well behind the All-Share (45 per cent), and we always do a crude analysis of the reasons for differentials in performance.

For 1986-87 the cheering feature was that our UK equities did rather better than the All-Share, with a total return of 47·1 per cent. We lost because, in the interest of "spread," our portfolio included modest holdings of North American equities (where in sterling terms the return was only 23 per cent).

WINNERS	LOSERS
1. LASMO +154%	1. Applied Biosystems -46%
2. Davis & Newman +115%	2. Boeing -30%
3. Min Fields +107%	3. Generac -18%
4. B.P. +96%	4. Local -13%
5. J. Lehman +93%	5. H. Brammer -11%
6. Inchcape +92%	6. Calcutta Electric -10%
7. British +91%	7. Aver Products -10%



as well as fixed interest (15·3 per cent). Our performance on these compared well with results for the sector in question, but in 1986-87 it would have been better to stick to British equities.

There was, of course, an enormous variety of price movements which made up our portfolio in July 1986. The table shows the seven best and worst performances (in sterling terms).

The temptation to try to predict price movements can be seen from the calculation that if in 1986 we had sold the seven losers and spread the money over the seven winners, the value of the 1987 portfolio would have been raised by nearly £1.5m (on £22m).

This year's list provides us, indeed, with a rather strict adherence to our principles. The All-Share has been beaten by the FT May 1986 (a very exceptional departure from the rule against purchases during the year). Last year's review showed that the price had fallen, and call options were written which led to the disposal of the whole holding at a respectable profit—but lost us the enormous gain which retention would have brought.

At this year's meeting there was general agreement that the relative prices of shares and bonds make it seem desirable, in the long run, to increase the very modest proportion of bonds in the portfolio. In 1985 we decided on 100 per cent equities, because in those days the traditional "yield gap" meant that equities gave a higher initial income.

My son and daughter are beneficiaries of a trust declared by my late husband in his will. Dividends from the family business were declared in the annual accounts for the years ended 30th September 1979 and 1980 totalling about £2,000 and were not paid into the trust as the business was going through a sticky patch.

In law the contract note would, in the particular circumstances, have amounted to, at the most, an offer by the broker. Unless you can claim to have made a positive acceptance of that offer, there is no contract between you. It seems that you did not communicate to the broker your decision to keep the shares. Accordingly there is no contract, and the broker appears to be in the right.

The latest annual accounts have now been presented by the auditor and I am surprised to find that the dividends due have been omitted ("striked off").

What a substantial reverse yield gap had been established,

we did not feel the same conviction about the superiority of equities on a long view.

The principle of risk-averting in consequence fed us to include some bonds, but the proportion has been small. Index-linked bonds were also attractive for ensuring a guaranteed real income.

The committee also had to face the question of how much the college should borrow, in order to have a larger portfolio than its own wealth could cover.

The principle of not trying to be too clever has restrained our actions, but with a highly seasonal cash position on the educational operations of the college it seemed consistent that policy to aim at a zero cash balance in the main month, and a fluctuating overdraft at other times.

But we allow ourselves discretion not to borrow if we are uneasy about short-term price movements for equities, and we decided that 1987 was a time of only modest borrowing.

Our more important decisions consisted of the following:

• Complete sales of our two investment trusts which do not wholly in Japan, because we reckon the prices of Japanese shares to be so high in relation to profits that they must be rejected as glamour stocks. (We have made an enormous profit on these trusts.)

• Partial sales of various shares which had appreciated so greatly that they exceeded our normal maximum. With a few "tidying-up" sales, our total disposals came to about 6 per cent of the value of the portfolio.

• "Topping-up" purchases to raise the value of certain holdings into our new range for "normal" size.

• Purchases of index-linked stocks and assorted commercial loan stocks which in each case represented about 3½ per cent of our portfolio.

## Weekend Business

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For a full editorial synopsis and details of available advertising positions please contact:

Jacqueline Keegan on 01-248 3000 extension 3740

The content, size and publication dates of the surveys in the Financial Times are subject to change at the discretion of the Editor

## FINANCE & THE FAMILY

# Dividends withheld

My son and daughter are beneficiaries of a trust declared by my late husband in his will. Dividends from the family business were declared in the annual accounts for the years ended 30th September 1979 and 1980 totalling about £2,000 and were not paid into the trust as the business was going through a sticky patch.

The latest annual accounts have now been presented by the auditor and I am surprised to find that the dividends due have been omitted ("striked off").

What a substantial reverse yield gap had been established,

we did not feel the same conviction about the superiority of equities on a long view.

In law the contract note would, in the particular circumstances, have amounted to, at the most, an offer by the broker. Unless you can claim to have made a positive acceptance of that offer, there is no contract between you. It seems that you did not communicate to the broker your decision to keep the shares. Accordingly there is no contract, and the broker appears to be in the right.

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Christian Tyler on Budapest spas and piano bars

## Hungarian rhapsodies

**SITTING** in a hot pool in Upper Pannonia, the north-eastern corner of the Roman Empire, it is easy to understand how the legions were eventually defeated. It was not by the Barbarian tribes on the other side of the Danube. They were overtaken by galloping lethargy.

Through successive invasions—Magyar, Magiol, Turkish, Hapsburg and Soviet—the inhabitants of the Roman province now called Hungary have retained their addiction to soak ing in thermal springs.

Every time they drilled for oil, the Hungarians came up with hot water. In Budapest they have reconciled themselves to their good fortune, and queue up after work to pay 40 forints (about 50p) for a good soak and perhaps a game of chess in one of the city's spas.

Nakedness is a great leveller — perhaps the last in what is still officially a Socialist country. Are these distinguished elderly men, sitting up to their necks in hot water, communists or dustmen? It is impossible to say. Stripped of their uniforms, they look at the same time anonymous and oddly familiar.

Surely that's Sir John Gielgud over there under the spouting lion's head? And that looks like Lord Goodman in the corner. To my right Jimmy Durante is talking quietly to a knot of friends.

All of a sudden, the loungers are treated to a spectacle. The man on the far side who has been whispering to his young companion for the past 10 minutes has formed a bold, berated him on the neck and lips. The bathers' faces tighten in disapproval, but no one protests, no bouncers are summoned. Is this really Communist eastern Europe?

The last time I went to Budapest it was by collapsible canoe, paddling downstream from Germany with a friend and fellow student, Andre Linklater. We were aiming for the Black Sea on a budget of £30.

We lived on a campsite, ate goulash and cold rice pudding, saw the Berlin circus perform at Luna Park, watched an interminable film of Kodaly's opera *Egyptian Suite*, and met a beautiful girl called Ilona Kis.



### Weekend Breaks

Bridge was closed for repairs), the stores were stocked with an unexpected variety, antique shops had sprung up, there were credit card signs in the windows and parts of the city centre had been turned over to tourists.

On the cliff at Esztergom, overlooking Czechoslovakia and the eloquent remains of a bridge blown up in World War Two, stands the cleverly-restored fortress of King Stephen, who was crowned in 1000 AD. The fortress is overshadowed by the gross neo-classical basilica of the Hungarian archbishopric.

But the showpiece of the Danube Bend is Szentendre (St Andrew), an artist's colony of yellow stucco houses and some churches—three Roman Catholic, three Serbian Orthodox and two Protestant.

• Budapest is increasingly included in UK tour operators' short-stay brochures but the most comprehensive menu is to be found at Danube Travel (House), at 6 Conduit Street, London W1. Tel: 493-0263. Prices start from about £241 per person for three nights, including fare, Malev Hungarian Airlines is at 16 Vigo Street, W1. Tel: 438-9877.

(or Kis Ilona, as the Hungarians will have it) on the paddle steamer to Mohacs on the Yugoslav border.

This time the vehicle was a Hungarian Airlines Tupolev jet from Heathrow and the companion was my wife. We stayed at the Gellert, a magnificently faded art nouveau hotel in Buda whose panelled corridors are permeated with the warm smell of the spa underneath. We ate goose liver pate and wild boar in privately-owned restaurants and drank socialist champagne for £3 a bottle.

Budapest had changed a lot in 20 years. Despite Hungary's present economic plight, the city was jammed with traffic (not least because the Chain Bridge was closed for repairs), the stores were stocked with an unexpected variety, antique shops had sprung up, there were credit card signs in the windows and parts of the city centre had been turned over to tourists.

However short your stay, it is worth saving half a day for the Danube Bend, a region of rolling hills where the river turns sharply south from the Czech border. This is a Germanic enclave whose foothills are crowded with villas, some of them bigger than doll's houses.

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### This week: The Beverly Wilshire Hotel

## Laid back in Los Angeles



### Touch of class

intimidated. "To drive (the freeways) at all well requires a certain élan, bordering on abandon," says one guidebook, which is slightly overdoing it. Persevere and you'll soon be shuttling along Pacific Coast Highway, or the San Diego Freeway (no, it doesn't go to San

Hughes, for all they know).

More strategically, the Beverly Wilshire, roughly equidistant between the coast and LA's most illustrious downtown area, is a result, a 30-minute drive will get you to the Getty Museum (not to be missed) at Malibu, upcast from Santa Monica; or to the magnificent Norton Simon art collection or Huntington Library (garden plus gardens) in funky Pasadena; or to the recently-opened Museum of Contemporary Art (MOCA) at Bunker Hill, in central LA.

"Not everyone loves the new downtown," says Los Angeles magazine even-handedly. "But whatever one's viewpoint, Bunker Hill is a fascinating vision of urban sprawl on a huge scale."

The only way to tackle LA is to hire a car. Again, don't feel

so intimidated. "To drive (the freeways) at all well requires a certain élan, bordering on abandon," says one guidebook, which is slightly overdoing it. Persevere and you'll soon be shuttling along Pacific Coast Highway, or the San Diego Freeway (no, it doesn't go to San

Diego—it takes you from the San Fernando Valley to Westwood, Beverly Hills or Long Beach) like a veteran.

At the end of a day spent crisscrossing LA, Beverly Wilshire is a nice place to be. Initially, it looks flash. There is a lot of Carrara marble, while the two wings of the hotel are on either side of a small private street, El Camino Real, that is decked out with pale blue imported granite cobblestones signifying true elegance and gastrights imported from Scotland's Edinburgh Castle."

Inside, it is a mixture of styles, from Spanish-Mexican to "Avant-garde modern." But it is a comfortable hotel that is intimate despite its size (it has 453 rentable units, including suites and townhouses) and much more friendly than many

American hotels. There is an entire floor of "champagne suites," each named after a different French champagne.

At £1,000 a night, the Beverly Wilshire was bought for \$125m by an investment group headed by the Hong Kong-based Regent International Hotels, one of whose trade marks—in Australasia, the US and Far East—is superb staff training and back-of-house programmes.

It's the small things that make a hotel exceptional. At the Beverly Wilshire an important feature is Brentano's Bookstore, a marvellous treasure house that leads directly off the lobby. The hotel swimming pool is a copy of Sophia Loren's pool, and is kept at a constant 22 degrees. And there is a maestro, Ko Takata, whom Vogel declared to be the best in the US. Though sometimes frigidly

air-conditioned, the Cafes of the Pink Turtle is a pretty swanky coffee shop.

• The Beverly Wilshire's telephone is (213) 275-4222. Fax: (201) 421-2244. Cable: BEVSHIRE. Telex: 213-374-2851. Regent International Hotels, US and Canada toll free number is (800) 545-4000. In London (01) 245-6161.

Daily room rates range from \$250-\$350. Suites \$250-\$300. Extra person add \$30. Also add room tax and Beverly Hills license tax. There are special weekend deals, such as the Romantic Interlude, \$450 for a two-night weekend based on double occupancy, tax included.

A limehouse will pick up guests, free of charge, from the airport. For conferences and receptions there are eight function rooms, seating from 10 people to 1,200; facilities include audio-visual equipment and dressing rooms.

Michael Thompson-Noel



### A PAT ON THE HEAD FOR ROVER

THE MORE I drive Rover 800 series cars, the more I like them.

The international media launch in Switzerland more than a year ago was bit of a disaster. Not all the press reviews were bad, we were shocked to drive were fault-free. And thrashing a car up and down mountain roads does not necessarily highlight the features that will appeal to business users.

Last autumn, however, a 2.5 litre V6 engined Sterling automatic — it is currently selling like hot cakes in the US after rave reviews there — carried my wife and me to the Paris show in great comfort.

I have just been living for 18 days with a 2-litre, 2-door 205i (pictured). This costs £14,165, with 5-speed manual gearbox, against the Sterling's £19,248. The price includes a lot of nice things for which one pays extra on some German competitors — a glass tilt-and-slide sunroof, high quality radio/stereo tape player, electric mirrors and windows, for example.

The 16-valve engine pulled hard and smoothly at low revolutions so that third or fourth gears were fine for most traffic driving. Fifth is high enough for fast cruising to be relaxed and economical. I averaged 27mpg (10.6 l/100 km) for a motorway/London mix and the Rover did not mind lead-free fuel.

Ride comfort was very good, the seats are large and well shaped and the interior decor combines modern Maserati with traditional Rover understatement. The boot is large, but take care how you put things in it: under the parcel shelf is a mess of wires, clips and the business end of two loudspeakers, just waiting to scratch a new suitcase. This should not be possible in a car of this class.

All it needs is a compressed fibre cover to conceal all the sharp edges.

In our self-flagellating way

we Britons are reluctant to believe that a "British Leyland" (actually, Austin Rover Group) car can be any good.

As former chairman Harold Musgrave said at the 800's

launch, a British manufacturer's products have to be better than imports before the public perceives them as equal. Even if a car performs beautifully, we start questioning its reliability.

Having driven the car only for a week or two, one cannot sensibly comment on reliability, but reports are encouraging. Lex Vehicle Leasing, with a fleet of 20,000 cars and light vans, has had extensive experience of Austin Rover. Lex says better dealer training and support has improved their reliability sufficiently for monthly payments for those on hire contract with full maintenance agreements to be cut.

The only fault I could find with my latest Rover was a lazy electric window in the driver's door caused, it seemed to me, by an over-tight weather strip. If I had a Rover that performed as well over the months as mine did for ten days, I would rate it one of today's better executive car buys.

S.M.

William Glenton on the versatility

of a compact little cruise ship

## Good things in tiny packages

THE LITTLE crowd of tourists watching us being brought ashore by motor launch seemed unusually fascinated, and clicked their cameras as though we were VIPs. Yet their rap attention, we discovered, was all a mistake.

This will soon change as she becomes a regular summer visitor to Europe. Much of her time will be spent cruising the Baltic and Norwegian fjords, with the occasional linking trip between there and southern Europe via Tilbury.

On our north-bound cruise from Spain, some passengers were afraid that her small size would be offset by boat sickness tiny for the open Atlantic and Bay of Biscay. Yet she proved as stable as a duchess in a rose garden.

At 31 years of age she is mature, but not wrinkled. In fact she is well-maintained and spotlessly clean. Aesthetics is one thing, however; not getting

bored is another. The Ocean Islander would seem to be at a real disadvantage in offering shipboard fun compared with the giant floating seaside resorts of 15 to 20 times her size now being introduced.

Considering that she has only one main lounge-bar, a small disco-bar and a restaurant (two sit-downs), she copes amazingly well. Indeed, her daily entertainment programme was as good as that of much larger ships.

Somehow the ship squeezes in a tiny casino (blackjack and slots), a minuscule library-card room, an equally small health centre (sauna, massage and fitness machines), and a shop.

Deck areas are adequate for sunbathing and strolling—with a small pool included—and there is a maximum of 250 passengers.

Deck officers were Greek, the purser and cruise staff British and the stewards from around the world—over 20 nationalities all told. They made the ship's port of registry, Nassau, Bahamas, seem even more inconsequential.

• Ocean Islander offers a nine-day southbound cruise over much the same route, but ending in Tenerife, in October this year. Fares from £710 for a two-berth cabin including return flight to Tilbury. For a shore (week-long) cruise in northern waters, prices are from £750 for a two-berth including flights to and from Copenhagen. Ocean Cruise Lines are at 10 Frederick Close, Stanhope Place, London W2 2ED (tel: 01-723 5557).

### Holidays and Travel

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### Personal

#### Legal Notices

Ma. 100343 of 1987  
THE HIGH COURT OF JUSTICE Chancery Division, in the Matter of CENTRAL & SHEERWOOD PUBLIC LIMITED COMPANY and in the Matter of the Companies Act 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated the 27th July 1987 confirming the reduction of the share capital of the Company from £6,610,000 to £3,651,123.22 and the cancellation of the Share Premium Account of the Company and the Minus account proposed by the Company and showing with respect to the capital of the Company as altered the several particular requirements required by the Registration of the Company on 27th July 1987.

BENJAMIN LEITCHON of Adelaide House, London Bridge, London EC4R 9HA  
BENJAMIN LEITCHON  
Solicitors for the above-named Company

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## DIVERSIONS

Oliver North's testimony exposes US activity in Central America. His ancestor also features in Nicaraguan history. Peter Ford reports

**CIVILIANS** flee in terror as a volley of gunfire shatters the midnight calm; a mortar explosion shakes the earth; flames lick through Nicaragua's third largest city.

A daring attack by the US-backed "contra" guerrillas fighting the Sandinista government? No, this time it's not for real. Hollywood has come to Granada to recreate an earlier epoch of US-Nicaragua hostilities.

The film, directed by Englishman Alex Cox, tells the story of William Walker, an American adventurer who captured his countrymen's imagination in the middle of the last century by leading 57 fellow mercenaries to the conquest of Nicaragua and declaring himself president.

Walker, the 19th century filibuster, with a penchant for action and a disregard for diplomatic niceties is now but a dimly remembered shadow in American history books—his claim to current fame is that he is an ancestor of Col. Oliver North. He was feted as a national hero in his day, the great even man of destiny, as one newspaper dubbed him, who could see that in Central America "there are principles involved that reach beyond the mere checks of diplomacy."

In Nicaragua, he remains an arch-villain. The Sandinistas, who have welcomed the film, hope that if the film reaches the mass audience it is designed for, the American public might understand why they see their current bloody war against the "contras" as a continuation of the fight against Walker.

The son of a Scottish immigrant who had settled in Tennessee, William Walker embarked on several professions as a young man, throwing over medicine for law, then law journalism, by the time he was 28. He was cast into a black depression by the death in a cholera epidemic of his deaf-mute fiancée, and sought escape through an ill-planned unofficial expedition in 1853 to annex the Northern Mexican state of Sonora for the United States.

After a year of being chased

around the desert by Mexican troops and Cocopa Indians, he finally dragged himself back across the US border. There, he surrendered himself and his three dozen fellow survivors to the American army. Undispirited by this fiasco he cast about for new territories to conquer.

His eye lit on Nicaragua, which for several years had offered the most convenient route from the American East Coast to the new goldfields of California. Rather than risk the backbreaking five-month journey through the Indian country of the United States, some 20,000 goldseekers a year were paying Cornelius Vanderbilt's Accessory Transit Co to

"Wherever he went the grey-eyed man of destiny was hailed as a visionary conqueror..."

take them from the Atlantic seaboard to San Francisco along its steamer and stagecoach route.

In return for exclusive rights to this route, Vanderbilt had promised the Nicaraguan government \$10,000 a year rent, and 10 per cent net profits. He never actually paid the rent, however, and when the Nicaraguan government demanded its money, he claimed the operation was not making a profit. In fact, the company was making about \$2m a year profit, but when Nicaraguan inspectors asked to look at the company's books, they were rebuffed.

By 1856, Nicaraguan politics had degenerated into chaos, with the Conservative government, based in the city of Granada, facing the rival claims

of a Liberal government established a few months earlier in the town of Leon. Since the Conservatives were threatening to confiscate his ships for non-payment of dues, Vanderbilt decided simply to recognise the Liberals.

Walker, aged 30, set sail from San Francisco on May 4, 1855 to Leon. In all, 57 of his followers were a mixed bunch of ruffians and fortune seekers, but they were armed with repeating rifles, the like of which the Nicaraguans had never seen.

Within six months, the band of American "immortals" as they called themselves, had seized the enemy stronghold of Granada, Col Walker had made himself General, and a compliant Nicaraguan was found to take the titular role of President.

Recruits were promised free land in the fertile tropical lowlands of Nicaragua's Pacific coast and flocked from America to Walker's army. Other immigrants spread out from Granada to farm, trade, and pay for gold.

Walker therupon arranged perfunctory elections, won them by a landslide, and declared himself President. A constitution was made, an official language, alongside Spanish, and Walker issued the decree for which he is most infamous in Nicaraguan memory: he introduced slavery.

He was proud of that decision: "Walker's administration should be judged by that decree," he wrote in the third person, "for it was the key to his whole policy."

"The wisdom or folly of that decree decides the wisdom or folly of the American movement in Nicaragua: for the stability of the white race in the country depended on the re-establishment of African slavery."

Walker was never able to



General Walker: initiating Contra tactics

implement his decree—he was too busy staving off disaster. Even before assuming the presidency, he had sealed his fate by stripping Vanderbilt of his rights to the interoceanic route, and transferring them to two friends. In revenge, Vanderbilt suspended sailings to Nicaragua, depriving Walker of new recruits, who were sorely needed in the face of a Central American alliance

between Costa Rica, Honduras, El Salvador and Guatemala, which had declared war on the American invaders.

Scourged by cholera and other tropical diseases, outnumbered by Nicaraguan and other Central American enemies, and regularly running short of ammunition, the "Immortals" could not hold out for ever. After raiding Granada and holing up for

months in the southern town of Rivas, Walker finally surrendered in May 1857 to a US man-of-war lying off the coast. He returned home a hero. Wherever he went, the "grey-eyed man of destiny" was hailed as a visionary conqueror. Walker would not renounce his dream.

He made repeated efforts to raise new filibuster forces, and twice made it as far as Central America. A shortlived expedition to Costa Rica ended in yet another surrender to the US navy, and then he set off on his last adventure in 1860.

Seeking to attack Nicaragua from the north, through Honduras, Walker got mixed up in a dispute with the British. Britain was holding over the Island of Roatan, which it had ruled as a protectorate to the Miskito Indians, and Walker took the side of some disgruntled islanders.

He was soon run to ground, and surrendered to Capt Salmon of HMS Icarus. Salmon, however, immediately handed him over to the Hondurans.

The American press was outraged at this act. "It was on the faith of Commander Salmon's demand for a surrender to him as a British officer that Walker gave himself up," commented Harper's Weekly.

Commander Salmon had better resign the commission he holds, as seek employment in the pawnbroking or lottery trade, or some other business which requires no exercise of honour or conscience. He is obviously out of place in the British Navy."

At his trial, Walker refused to claim the American citizenship that might have saved him. "The President of Nicaragua is not a Nicaraguan citizen," he told the court. On a cliff overlooking the Caribbean, the Hondurans shot him.

Now, 130 years later, director Alex Cox, who made *Rope Man* and *Std and Nancy* is trying to bring out the complexities of Walker's character in his film.

"You could invent a character like Walker," Cox says. "He was much too incredible. He was a complete lunatic: a strong believer in chivalry, a murderer, a pathological liar, a criminal, totally fearless, full of heroic and noble qualities and mad."

Making the film in Nicaragua, where shortages of everything are acute, has not been easy.

Technicians used to popping

the corkers to the bars, and the women shot down as he carried weapons to the "contras".

The film's message is, of course, the message that the Sandinistas have been trying to get across to the world ever since their revolution here in 1979: that the US has been meddling arrogantly in Central American affairs for many decades, and that the Sandinistas are simply standing up for Nicaragua's national sovereignty.

Walker's defeat has always been a source of pride for Nicaraguans: the fight against him is known as the National War, and the anniversary of the battle of San Jacinto, in which the allied Central American armies defeated the filibuster, has long been a national holiday.

By the time William Walker met his end, American newspaper editors who had idolised him were reconsidering. "People were shocked, were entirely unhappy. The *Blowout*, for example, found the path of his traditional Holy Week procession blocked by the two months the town's life was thoroughly disrupted.

Electricity poles in the plaza

were torn down to make room for the scenery, leaving houses without light; other families were left temporarily without a telephone because the production needed their lines and the government could not afford to install any new ones; the cen-

tral square was covered with several inches of earth, to give the scene an authentic historical flavour.

Cox chose to make the film here, rather than in logically simpler Mexico, in order to "show solidarity with the Nicaraguan people." Striding around the set in a "Nicaraguan Must Survive" tee-shirt, Cox makes no secret of his political sympathies, and he is using the film to make some direct political statements about US intervention in Central America.

The screenplay is full of very anachronisms. In one scene, for example, an American prisoner is led away with his wrists roped together by a diminutive Nicaraguan, echoing the image of last year's capture here of Eugene Hasenfus, the American pilot shot down as he carried weapons to the "contras".

The film's message, of course, is the message that the Sandinistas have been trying to get across to the world ever since their revolution here in 1979: that the US has been meddling arrogantly in Central American affairs for many decades, and that the Sandinistas are simply standing up for Nicaragua's national sovereignty.

Walker's defeat has always been a source of pride for Nicaraguans: the fight against him is known as the National War, and the anniversary of the battle of San Jacinto, in which the allied Central American armies defeated the filibuster, has long been a national holiday.

Not that all the residents of Granada were entirely happy. The *Blowout*, for example, found

the path of its traditional Holy Week procession blocked by the two months the town's life was thoroughly disrupted.

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## Archaeology

## Messages in sand

**WALLOWING** like hippopotamuses in the desert sand of the upper Indus valley in Pakistan shiny black boulders glisten in the sun. The Ice Age left them and for millennia they have caught the eyes of travellers, merchants and holy men journeying along the Silk Route, some 3,000 miles BC to the 13th century AD, many stopped to carve inscriptions and designs on these rocks, as respite from the mountain ledges and sheer drops that were the dangerous reality of the route.

In modern times Sir Aurel Stein spotted the rocks and carvings in 1942, the year before he died. But it was tribal territory. Systematic exploration could not start until 1979 with the opening of the Karakorum Highway (the KKH), the remarkable road which crosses the Karakorum mountains and links Pakistan to China at the Kunjerab Pass

(as high as Mont Blanc, and open to foreigners only since last year).

The Karakorum was never a full part of British India. But it was the field of the Great Game (see Kim) and John Keay's "The Great Game", to be found in those mountainous areas of the roof of the world where Pakistan, Afghanistan, Russia, China, and India now meet. It was, and always has been, a pivotal region of wide—if hazardous—connections. The links that the KKH now strengthens, such as those between Moslem Sindbad and Moslem Parbat, and the rocks and carvings.

The texts and designs both reveal a wide spread of people over a long period of time. Travellers and caravan men from west and east, maybe forced to wait by blocked passes, stopped by the boulders at the natural traffic junctions on the river and carved in Middle Persian, Parthian, Chinese, and Sanskrit. Sanskrit comes in several scripts.

A Hebrew text of the 9th century is the biggest surprise. Jews from Bohemia or Uzbekistan probably carved it, taking a chance to increase trade when the Sogdians, merchants from the same region, having converted to Islam, were out of favour with the Hindus. Between the 4th and 8th centuries the Sogdians had been the chief entrepreneurs on the Silk Route. There are many texts of theirs. Some have the tribal name "Huns."

Like the texts, the pictures were made by hammering or pecking designs that stand out against the shiny black rock surfaces. Aurel Stein called the technique "brusing". Ideas brought from still further away, if they reached these mountains, were locked in to survive for centuries—and then appear unexpectedly elsewhere a long time later. Such a "reservoir" as the Karakorum may explain the reminiscences of archaic Sogdian art—or of the time of Darius and Xerxes—in that even the Gandharan civilisation (1st century BC-6th century AD) in the flat lands of the Kabul river basin below the Karakorum.

Gandharan art is best seen in the Peshawar, Saidu Sharif and Taxila museums. Superb deep carvings teach the life of the Buddha—in forms derived

from Greece. This long-distance spread of ideas, thanks not least to Alexander who reached the Indus in 326 BC, is mind-blowing.

The Buddhist rock pictures along the KKH do not conjure up the Mediterranean in the same way, but they are as forceful in documenting the remarkable ability of men to spread beliefs and trade through some of the most improbable regions of the world.

The Sogdian texts outside pictures point to Central Asia, while crosses on the rocks near Gilgit mean that even Christians came. From the east came the Chinese with carvings of pagodas, and silk from that mighty beast the silkworm. What hardships people endured for silk! And how glad they must have been to reach the boulders, and start hammering.

Gerald Cadogan

## Fresh thoughts

I USED to pronounce anathema against American fruits and veg, as representing the triumph of marketing over edibility. Everything uniform, durable, handsome, colourful, very large and utterly without taste. I don't any more, and the world has changed. But the skill and effort that went into producing those results—which were what the market wanted—can, given its head, produce variety and taste as well. It is a matter not of moral crusade but of market segmentation.

As is the way with American hotels, The Marriott in London's Grosvenor Square is having a Californian season until the end of the year, primarily designed to introduce us to some wines, but artfully throwing in some Californian cuisine as well.

Someone has cottoned on to the fact that given a little, artifical handwriting-style presentation, the market gardens of California provide just the right background for the high profit-margin of nouvelle cuisine?

What gives California its edge over other aspiring regions like the Côte d'Azur or the Thames valley is its unrivalled bounty supply of millionaire customers.

What is Californian cuisine?

What do you get?

The menu is (like winemaking) under a French influence. It is—the phrase is not mine—the best kind of nouvelle cuisine, cooked and eaten in the open air. Beef is superficially smoked, not to keep it but to give it a flavour of barbecues even when it's roast in a gas oven.

American soul-food things like black beans and sweet corn are lightly and smartly puréed and friend into tiny cakes.

Peppers, green, red and yellow, find their way up from Mexico, losing all their harsh and coarse ways en route and coming up sunny and fresh.

Nothing nothing shows the Californian cook's confidence more than the fact that for lunch in Grosvenor Square, they gave us a European meal of salmon in a rich buttery sauce, roast beef with veg, and figs and custard.

It was cooked by Pat Windisch—a young woman from California who looked like some piece of younger-generation casting from Dynasty. The combined skills of cooking and menu-writing had this old, gourmet-deprived thoroughly amateurish.

It wasn't the old fashioned American style of menu writing, which used to blather on about morning-garnished, dew-

moistened mushrooms and so on, although the white of Illy was still there.

It was the "salad of Napa Valley greens" which had me—In both senses. I liked very much what was on the plate, freshly varied and tasting good. Every leaf of it was bought that morning at New Covent Garden. What they meant of course was a Napa Valley style salad which is exactly what it was.

Had I been offered a Salade Nicoise I wouldn't have supposed that anyone was going to Nice to get the ingredients. Did I allow myself to think for a moment that a passing jumbo jet had dropped off a bag of Californian produce?

Peter Fort

Food for Thought



Food for Thought

## Hello, Norma Jean

**MARILYN MONROE** would have been 61 this year. What would she be doing today if she had lived? She might have aged gracefully to play mother roles opposite today's kiddie stars; or she might have married a politician and become a distinguished Washington hostess (Dem.).

Alternatively, it would have been quite in character for her to make her fortune by selling off her treasures, like Brigitte Bardot, to save the animals. Or, perhaps more likely, she would be living out her old age in the obscurity of a secret psychiatric institution.

Monroe's death was the sole legacy of her mother, the only parent she ever identified.

As it was, of course, she died young (or youngish: although at 36 she was at her most spectacularly beautiful) to become legend. Twenty-five years after her death in August 1962 she still lives, wonderful and unchanging in her films—always the same sexy, funny, vulnerable, naive, lovely being.

She can still bring a lump to the throat with some sudden, unexpected revelation of hurt, and keep you guessing whether she's expressing wit or artlessness ("A career is wonderful but you can't curl up with it on a cold night").

Part of Monroe's fascination was that she was Cinderella. The unwanted, unloved, stammering orphanage child became the world's sex symbol.

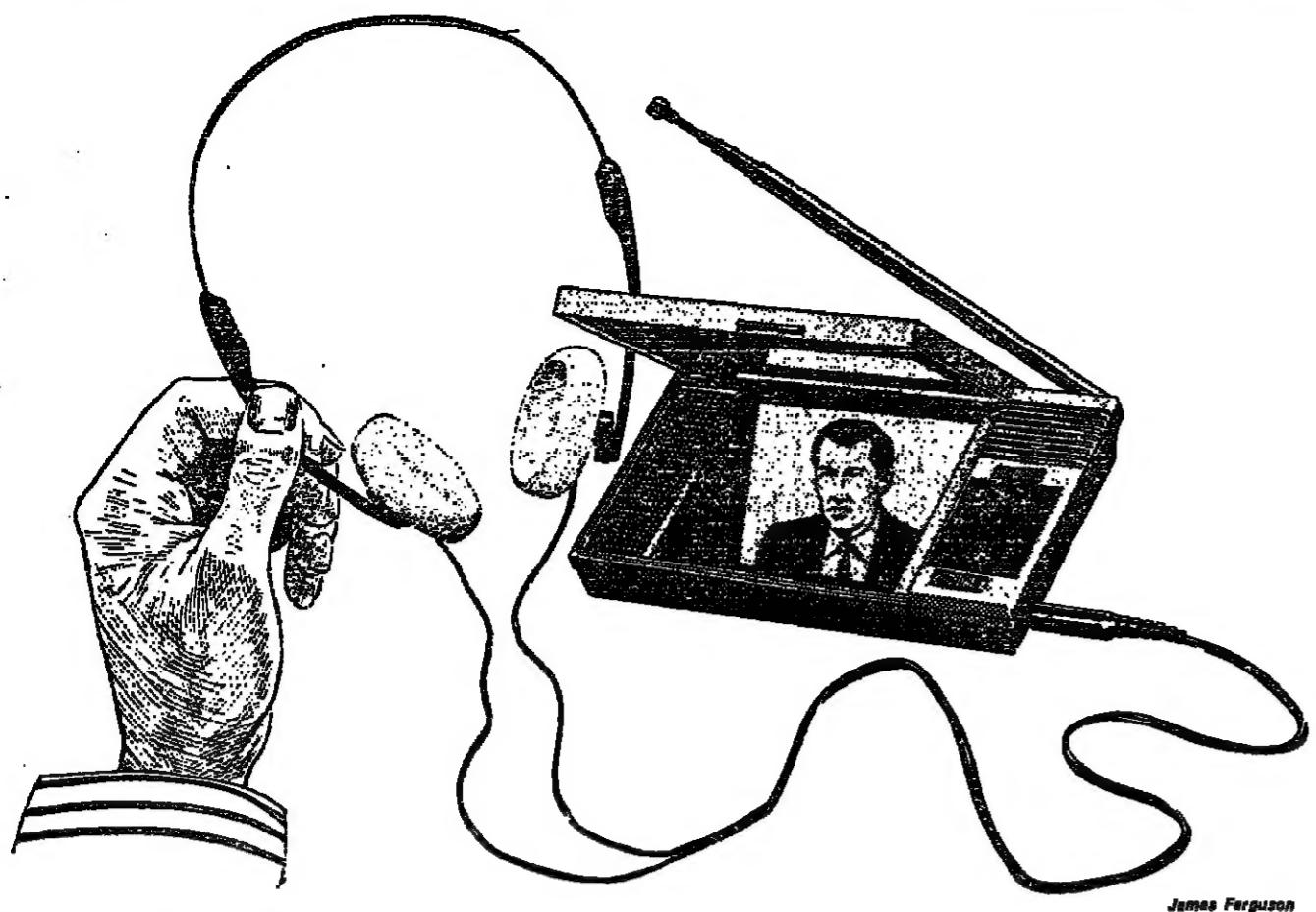
Her private frustration was that she never truly met her prince, although she tried hard. As she said: "Is this the cross I must bear for me to be a princess?" and not to be loved?"

The turning point in the story—the moment, as it were, when the fairy godmother materialised in *Cinderella's Kitchen*—is recorded in a series of historic photographs that are to be sold, along with their copyrights, by Christie's auctioneers on August 28.

The photographs were taken in 1945 by the late David Conover, who was then a 26-year-old private in the US Army's First Motion Picture Unit. The unit was an odd affair known as Fort Meade, since it was housed in the Hollywood studios where Hal Roach had made hundreds of knockout comedies.

The commanding officer was Captain Ronald Reagan (whom Conover recalled having the idea of marching the unit down Hollywood Boulevard to publicise his latest picture). Others in the unit included Alan Ladd and Kent Smith. On June 26, 194

## DIVERSIONS



Peter Knight on the pros and cons of pocket television

## Better than nothing at all

IMAGINE a concert audience all saying "Ssshhh" while 300 people scratch their fingernails on a blackboard. You can replicate the sound quite easily by trying to tune a pocket television set. It is called "white noise" and it's terrible.

This is just one of the many problems that affect small pocketable flat-screen television sets. Here are some more:

- It is virtually impossible to tune in. Botham's bowing average when it is flashed on the screen.
- Chris Evert's down-the-line forehand could easily be mistaken for a cross-court pass because you cannot see the ball.
- You have to watch one-and-a-half of everyone on screen because invariably there is a reception shadow.
- The picture is black and white.

However, pocket television is a lot better than no TV at all. You can (just) follow EastEnders while commuting, check the midday news from your desk, and keep track of Seb Coe while you are fishing. Besides, the sets are fun and affordable, from around £60 up.

Sony, Sharp and Citizen overcome some of the LCD problems by reflecting the picture on a mirror. The actual screen, which is sandwiched between translucent plastic, produces a negative and available light which is directed through the screen and on to the mirror, producing a positive picture.

LCD sets resemble old-fashioned cigarette cases, both in size and operation. You open the hinged lid to about 45 degrees, revealing a mirror. The set, open towards you, is then pointed at the light, such as a window. The picture appears in the mirror.

The semi-open lid can sometimes obscure the view, but this arrangement overcomes the problem of watching television outdoors. Sunshine and excessive glare can dull the picture produced on a conventional tube, but the LCD screens thrive on a lot of light — as long as it is from the right direction.

LCD sets produce their best pictures outdoors in bright light. Night-time viewing is rather more difficult because you have to point the sets at the shops now.

Eureka!  
MINI-TV

Manufacturers have overcome this problem by providing lights that clip on the sets and shine through the screen — but these, of course, cost extra and consume more power.

While the sets themselves are small, the aerials need to be fully extended to get good reception, which makes the total package quite bulky in use. And basic models do not have speakers; headphones or simple single ear plugs are supplied. Citizen and Sharp have models which have built-in FM radio and speakers while Sharp offers a TV/radio/cassette player that works only with headphones.

Sharp JC-AV16 (£229). A personal cassette stereo and radio with a 2.5 in LCD TV set. Stereo combination gives adequate listening quality from the radio and cassette player, but the television image is grainy and poor. The controls are haphazardly placed, making it difficult to get a good picture.

Sony Watchman FD-108 (£199.95). Sony uses a conventional television tube, which means a bigger set and more power consumption. Although the picture tends to stay at the edges or dissolve when there is interference, the overall picture quality is much better than LCD (it is possible to watch tennis or cricket and to see the ball). The FD-108 is an improved version of the original FD-2B and has a better speaker.

• Peter Knight is editor of *FinTech 2* — Electronic Office

Casio TV-200 (£69.95). The

matt-black set will fit into a shirt pocket (22.5 mm x 108.5 mm x 63 mm) and weighs only seven ounces including batteries. Its 2 in screen gives a sharp but sepia-coloured image and it has to be used with an antenna. The controls are well-positioned and work easily.

Citizen Big-3.5 in (£299.95). Under ideal conditions, the Citizen screen gives an impressive picture with excellent contrast.

Unfortunately, you have to continually re-position both the set and the aerial to control picture quality. The volume, contrast and tuning knobs are well-positioned but a little too stiff and small to give easy control. The set also has a stereo FM radio and an adequate speaker. It is supplied with stereo headphones.

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## Victorian values

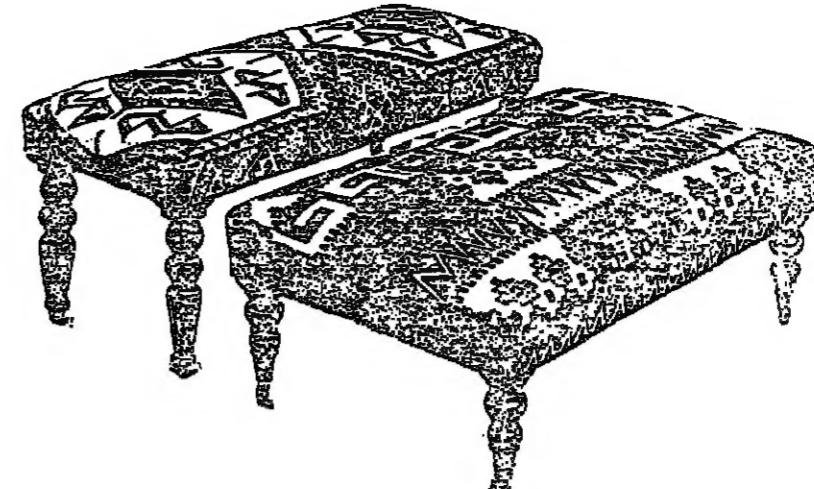
FOR footstools with a difference you need look no further than David Seyfried, at what he describes as the "wrong end of the Fulham Road," number 759, to be precise. Though primarily a specialist in 19th-century decorative furniture, so many of his customers came in asking for footstools that he realised there would never be enough genuine antiques to go round. He therefore decided to embark upon them as a manufactured item.

They all have a Victorian air about them. The wood is polished to the authentic dark Victorian brown, the castors are polished to look old. Once the frames are made, they are upholstered and covered in kelims, which come mainly from Turkey (a few come via Afghanistan). The result is genuinely attractive and useful footstools.

The kelims, needless to say, are not of the finest quality — it would be sacrilege to cut them up if they were. David Seyfried uses a wide range of worn or slightly frayed kelims.

David Seyfried offers three

standard sizes: 40 in by 30 in by 15 in high, 40 in by 25 in by 15 in high, and 40 in by 18 in by 15 in high. These he sells for between £320 and £340, depending on the kelim chosen. He has a wide range of kelims to choose from, and will go hunting for special ones longer.



Lucia van der Post  
*SELLER*

If you have a favourite pet John Butler can be persuaded to paint a likeness of your very own Fido or Moggy. For those whose tastes are rather more modern, another artist, Kate Morgan, paints fire-screens with a more up-to-date air about them. Naturally British always, a selection of the twin kitten model pictured here is £39.90 (plus VAT), and the larger flower scenes are about £90.

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## BOOKS

**David Churchill on the great chocolate empires and their founders**

## Melting it

**THE CHOCOLATE CONSCIENCE**  
by Gillian Wagner. Chatto & Windus. £18.95. 178 pages

THE BRITISH eat more chocolate confectionery per head of the population than in any other country—a consequence of the astonishing growth in popularity in the nineteenth and twentieth centuries for products made from the previously undervalued cocoa bean.

Those responsible for this upsurge largely came from the families of Fry, Rowntree, and Cadbury, who came to dominate (and still do) the British confectionery market.

What sets them apart from many other examples of corporate growth emanating from Victorian industrial society was that all three families had long been Quakers, members of the Society of Friends.

Being a Quaker then—as now—is to most people synonymous with that active quality of "gumption"; a style of life based on strong religious and moral beliefs that is the envy of many.

What fascinates Gillian Wagner, therefore, is how the chocolate barons of the Victorian era managed to reconcile the moral dilemmas posed by rapid industrial growth with the

principles and practices of the Society of Friends.

Her central conclusion, not surprisingly, is that the two were largely irreconcilable, in spite of the fact that Victorian Quakerism almost positively encouraged the pursuit of wealth. Deafed into the academic, military, or political worlds, Dr Wagner points out that "it is little wonder that so many Quakers turned to business to find fulfilment and satisfaction."

The Cadburys and Rowntrees families were less able to square their Quaker ideals with their forays into newspaper proprietorships. Their dilemma, for example, over the publication of slaving news in their papers led to much soul searching among the Quakers and the families themselves.

Cadburys, moreover, found themselves in the unglamorous position of having to use a rival newspaper over allegations about "slave labour" in the cocoa plantations—a libel suit which the company won with damages of only one farthing.

But it was the decision by Cadburys to shut the *News Chronicle* in 1900 with the loss of 3,500 jobs which was perhaps the final straw in the long struggle to wield influence in the way the families dealt with their employees.

From the early days of Joseph Rowntree sharing his house with his apprentices all three chocolate manufacturers "devoted a considerable amount of time to the physical and spiritual wellbeing of their employees."

This concern eventually came to be manifested in the model housing developments at Bourneville near Birmingham by Cadburys, and Rowntree's New Earswick site near York. When J. B. Priestley visited Bourneville while writing

Lady Wagner's detailed study

of the chocolate Quaker families unfortunately falls short of telling us more about the struggle for market supremacy between the two companies (Cadburys had acquired Frys in 1918) which took place between the



Art nouveau elegance comes to the aid of sales promotion in this early cocoa poster

two world wars. More on these "cocoa wars" would have rounded out an otherwise fascinating account of the way in which Britain's craving for milk or plain has been satisfied all these years.

### Fiction

## Troubled era in Toronto

**THE DEPTFORD TRILOGY**  
by Robertson Davies. Viking. £14.95. 884 pages

**IN THE SKIN OF A LION**  
by Michael Ondascht. Secker & Warburg. £10.95. 224 pages

**OVERHEAD IN A BALLOON : STORIES OF PARIS**  
by Mavis Gallant. Cape. £10.95. 196 pages

**HER STORY**  
by Dan Jacobson. Andre Deutsch. £8.95. 143 pages

**TARABAS : A GUEST ON EARTH**  
by Joseph Roth. Translated from the German by Winifred Katzin. Chatto & Windus. £11.95. 311 pages

**ROBERTSON DAVIES**, a Canadian, is the natural heir of the now under-rated humourist Stephen Leacock. Apart from many plays, he has written the three novels comprising the Salterton trilogy, the three now reprinted in one attractive volume as *The Deptford Trilogy* (published on Thursday), and a further more recent success, *Bred in the Bone*.

The purpose of the Salterton trilogy may be said to have been the satirical destruction of Canadian provincialism. For some it represented the continuation of the Johnsonian persons cultivated by Davies in newspaper articles, collected in famous books as Samuel Marchbanks. Others thought that the mantle of Johnson had been thrown aside in favour of that of Trollope. However that may be, the result was modest and delightful.

The Deptford trilogy is another matter. As a commentator put it, its high-toned critics have attempted to read Davies's work with some "purposive" purpose. Alas, this led to his trying to make this work "significant" and this, as has been well said, "blunts the sharp edge of his satire."

There is not all that much satire left, except in the growling voice of the narrator, a schoolmaster. Everything about it is good except its



Robertson Davies: Canadian sage

intention, which swamps it: world myth, magic, Jungian psychology, God, the devil. But for its little vignettes standing outside this grand and pretentious theme one will still go to it—and welcome its release in one volume.

Michael Ondascht, partly Dutch and partly Tamil, was born in Sri Lanka in 1928, and eventually settled in Toronto, which is the background of his new novel, *The Skin of the Lion*, set in the 1980s and 1990s. Essentially it is a naturalistic novel about a great city, but one written with an air of somewhat overcharged lyricism. Always good-hearted, it is sometimes overbearing and a little solemn. But the story and the author's sense of it are good, and it is always readable and intelligent. One is bound to add, however, that in the light of Morley Callaghan's urban novels, still shamefully neglected, this does tend to pale. When will someone reissue these in England?

Mavis Gallant is a veteran Canadian short-story writer of impeccable credentials. Overhead in a Balloon, containing stories set in Paris, where Mavis Gallant settled after giving up journalism and extensive travel. She is one of the most shrewdly professional of all living writers, but unlike some of her peers, her professionalism never operates as slyness or heartlessness—as it did in the later stories of both O'Hara and of Gallant's excellent compatriot, Ethel Wilson. Ironic and probing, above all stripping all her ambitious characters of their silly pretensions, she remains human and compassionate.

In the first substantial tale, "Speck's Idea," Sander Speck is a loathsome crook—but in the end, when he has been defeated, we learn to like his indefatigable energy. Mavis Gallant is writing at the top of her powers, she has never been better, and every connoisseur of the short story will be grateful for this volume.

Dan Jacobson's *Her Story*, very different from anything he had attempted before, is supposed to leave us initially too moved, and too astonished, to applaud. "I had better not applaud them. But I should like to, for in fact the brief descri-

ption of it on the jacket leaves one with the gloomiest of forebodings. It is the reconstruction, made in 236, of the life of a woman of the future (born 1907), who wrote a novel of the distant past. Such an exercise has to be good if it is not to sink under the weight of its over-ambitious intentions. And this does struggle free.

But it is overloaded: there is not only satirical concern with the horrors of the future—the Empire and its decay, Roth's whose works have never been taken up by the general reader as they should have been—was in fact the equal (in my own view probably the superior) of more famous Austrians such as Broch and Musil. He is certainly one of the greatest writers in German of our century.

Tarabas, published in 1934 and dating from his years of exile, is the story of a terrifying (and anti-semitic) soldier who ultimately discovers grace. It is an excellent translation; here we can learn what great storytelling is.

Martin Seymour-Smith

## Grown girls so lost

**A FRIEND FROM ENGLAND**  
by Anita Brookner. Cape. £9.95. 205 pages

CHATEAU BROOKNER has declared a new vintage. The '87 variety has the same fine qualities as the best of previous years and the same thick accumulation of sentiment in the bottle. This is a small wine: it does not have, nor does it pretend to have, the grandeur of Tolstoyan burgundy or Stendhalian claret; nonetheless it has a distinct nose and plenty of hidden depth.

Somehow the language of the wine-snipper seems appropriate. Here is a writer who has packed out her glass against all intrusions, barricaded it with barbed wire, and tilted it astoundingly offering every year a product that has an unmistakable distinction.

The distinction stems from the insight possessed by Brookner into the mind of the unattached female. Her heroines are of the highest intelligence and they possess uncommonly acute powers of observation but they suffer from one fatal delusion which is that they think they are virtuous. Illustration: By the end of the book life has cured them of this fallacy, but at great cost.

The narrative proceeds through the insights possessed by Brookner into the mind of the girl she already was, and there seems no reason to suppose she would ever change or develop or move away from the family circle.

Rachel, whose own attitudes are under scrutiny as much as Heather's, could not be more wrong. By the end of the book a total reversal of roles has occurred. Heather has become a free spirit, Rachel a shattered woman, clinging to the straw of a life of ill-fated happiness that all too often in the past. There will be a divergence of taste as to how convincingly this transformation is effected. Admiration for the sureness of touch with which these two women and their little circle are brought to life is, I would guess, likely to be unanimous.



Anita Brookner: interpreting the signs

showing in a prose glinting with aphorisms, in the gallic manner, how a life may be reduced to ruins.

In *A Friend from England* the given key is Giorgione's painting *The Tempest* which shows a young woman feeding her baby while a violent storm rages in the background and a handsome cavalier looks on. The young woman's total indifference to everything that is happening around her while she indulges her desire is mirrored in that of the heroine of the book, Heather Livington. We watch her true nature emerge as layer after layer of protective covering is peeled away.

When we first meet her she seems to be the dutiful daughter par excellence. Her doting parents, Oscar and Dorrie, envelop her in love and comfort out of their new-found affluence.

Rachel, who tells the story in the first person, sums up Heather thus:

In fact the woman she would become was not much different from the girl she already was, and there seemed no reason to suppose she would ever change or develop or move away from the family circle.

Rachel, whose own attitudes are under scrutiny as much as Heather's, could not be more wrong. By the end of the book a total reversal of roles has occurred. Heather has become a free spirit, Rachel a shattered woman, clinging to the straw of a life of ill-fated happiness that all too often in the past. There will be a divergence of taste as to how convincingly this transformation is effected. Admiration for the sureness of touch with which these two women and their little circle are brought to life is, I would guess, likely to be unanimous.

Anthony Curtis

## Talking heads

**THE MEDUSA FREQUENCY**  
by Russell Hoban, Jonathan Cape. £10.95. 143 pages

RUSSELL HOBAN'S many fans will not want to miss this lively fantasy, the sixth of his adult novels. It is exuberantly written; you never know where you might be next, nor quite why you are there in the first place. Classical figures, familiar to me from Virgil, weave their way through the highly-coloured story of a writer's search for inspiration, unhappy love and the problems of staying on one wavelength.

Michael Donne

**Geoffrey Moore investigates the demise of a rich and lonely broker**

## Man overboard

**THE MAN WHO FELL FROM THE SKY**  
by William Norris. Viking. £10.95. 262 pages

THE TRUE story of the death of Alfred Loewenstein reads like a thriller: Belgian financier falls 4,000 feet from own aircraft without occupants noticing. French and Belgian police launch man-hunt. British do nothing in spite of dead man being resident in Britain. Mrs Loewenstein besides herself, not with grief, but with absence of body. Reward offered: body found. Doctors appointed by wife (not police) seize body and maintain no foul play. Wife inherits vast fortune. Case closed.

But not for William Norris, our racing reporter. Fifty years on, with the skill of a Simonov, he uncovers layer after layer of buried fact. Starting from July 4, 1926, when the fatal plane left Croydon for Brussels he moves backwards and forwards in time, questioning, voicing his suspicions.

From Loewenstein, the six occupants of his Fokker FVII-3M monoplane were part of his considerable personal staff: the pilot, Donald Drew, the mechanic Robert Little, Fred Baxter, his valet, Arthur Hodges, his secretary, and Eileen Clarke and Paula Bidston, stenographers. When he was informed that Loewenstein had gone, Drew landed on a Normandy beach. Suspicions: Why not at St Ingenv, five minutes away? The answer is not clear. Nor was it the fact that the occupants told conflicting stories.

At the funeral there were

many wreaths, but almost no mourners. And yet the man, according to a sketch by a "friend" in *The Times*, was "capable of great generosity and loyalty". Who was this enigma? He was the son of a German who had emigrated to Belgium and married the daughter of a banker. By the age of 20—that is, in 1897—Alfred owned his own stockbroking firm. By the time of the First World War, when he fled to England with his beautiful but estranged wife and young son, he was a millionaire many times over.

He was made a Captain in the Quartermaster's Department of the Belgian Army in London until asked, quietly, to resign because of profiteering. Unashamed, he turned up a few days later as a Captain in the British Army. After the war, richer than ever, he indulged his only passion apart from finance: racing. At his estate near Melton Mowbray, he hunted with the Quorn, the Cotswold, and the Belvoir, as well as maintaining a racing stable. For 10 gaudy years he lived like a mogul, but always—apart from his considerable earnings.

A ruthless manipulator of the stock market, Loewenstein had many enemies, and Norris considers them all—as well as interviewing those who knew him, and examining minutely the structure of the aircraft from which he fell. The clue, he is certain, lies in the access door, light and easily moveable, except when manipulated against the tremendous force of the slipstream. This alone, it is argued, could have caused the merry widow. It is proof enough that Loewenstein could not have fallen "accident

ful coincidences or merely ornamental ones.

As always with investigations of the paranormal, much evidence is quoted but no conclusion reached. Mr Norris quotes Max Planck's dictum that quantum physics "teaches that there are realities apart from our sensations and perceptions". There is an interesting reference to W. H. R. Rivers' study of the simultaneous movements of birds and animals in flocks and herds, that appears to suggest unconscious thought-transference.

But what triggered the activities of this second mind? It had access to information unknown to the ego; it even, in the forestalled suicide with which Mr. Inglis begins his study, could use this information to modify the ego's intentions. This second mind is what Mr. Inglis, borrowing from Masterlink, calls the Unknown Guest.

Even at modest levels, the working of the Unknown Guest is perceptible. When you speak your words are chosen for you and put in order. You have been trying to remember some forgotten matter, and suddenly it pops up in your mind. Most of the examples Mr. Inglis chooses, from his Foundation's files and his own, come from the paranormal. He grades them under such headings as ESP, pre- and retro-cognition, "second sight", hallucination and so on. Some of his accounts appear trivial, but probably are not; many are familiar in pattern. Some seem to point to realities apart from our sensations and perceptions. There is an interesting reference to W. H. R. Rivers' study of the simultaneous movements of birds and animals in flocks and herds, that appears to suggest unconscious thought-transference.

But no judgment is made apart from the assumption with which we begin, that there is some daemon, some Muse, some instinct within the mind that can produce this variety of inexplicable effects. Socrates believed in it. Churchill believed in it. Mr. Inglis' final conclusion is the conclusion reached by all researchers into such matters: that it is worth going on with the investigation. My own feeling is that, although the research is fascinating, there is no more likelihood of the subliminal mind being pinned down than of the common or everyday mind, or the soul.

R. A. Young

## Days in the Sudan

**HOME FROM THE HILL**  
by Hilary Hook. The Sportsman's Press. £12.95. 206 pages

QUITE EARLY on, Hilary Hook decided what kind of life he wanted: Adventure, hunting, fishing, polo and, when it was available, war. He cannot say that life has disappointed him. From Sandhurst he went into a crack cavalry regiment in the Indian Army, commanding a platoon of a hundred men and the voice of its intended player, Kelvin Faraday, Tesla (to whom we owe AC) saw their discoveries in their minds. There is the business of "synchro-nicity," in which Jung was interested, and which led Arthur Koestler to start his Foundation. This is the phenomenon of the "meaningful coincidence." There is a whole chapter on this phenomenon, recounting help-

way to pay his Greek grocer.

When he started his safari in Kenya, there were 20,000 rhino in the country, now it is believed 400 are left. The poachers who used to be armed with poisoned arrows now have automatic weapons and do not hesitate to fight it out with the law.

Beyond all this lies a sordid explanation. Rhino horns are believed to have aphrodisiac properties and sells at \$500 a kilo. The market in Asia flourishes.

When the day came when Hook had to give up his business as a white hunter, having found goodness in his staff and said goodbye to his friends, he turned his back on that good life forever—a lie," says Hilary. "This is the Foreword to this book," which neither he nor I could lead today under the changed conditions of the modern world.

"Othello's occupation gone."

George Malcolm Thomson

## CRIME

**THE HERMIT OF ETON FOREST**  
by Ellis Peters. Headline. £9.95. 224 pages

**DEATH IN THE GARDEN**  
by Jennie Melville. Macmillan. £8.95. 216 pages

AS USUAL in a Brother Cadfael story the cloisters of the Benedictine Abbey of Saint Peter and Saint Paul (which the blurb of this volume misleadingly calls "sheltered") witness some strange comings and goings. In *The Hermit of Eton Forest* the wider unrest of 13th-century England continues entangled with some local greedy mischief, but as usual Brother Cadfael guides

the solution of the puzzle. As usual, too, the author invents some engaging marginal characters (young lord Richard Lude, ten-year-old student at the abbey, is a charming Stevensonian lad), and the natural setting is attractively portrayed.

## ARTS

Russians may dominate Edinburgh, but on the Fringe Martin Hoyle reports that...

## American groups carry the day

**OUTSIDE** the Caledonian Hotel, "the largest building in Edinburgh and probably the largest hotel in Europe" (according to them), at the height of the International Festival the row of flagpoles is bare except for two, proudly crowning the main entrance: the cross of St Andrew and the Stars and Stripes. This may be a shrewd Scots analysis of our socio-cultural colonisation; it also inadvertently comments on the Fringe—too big, too diverse, but gratefully kept afloat by a host of American groups. If the official festival has emphasised Russia, on the Fringe the Americans carry the day.

The American Festival Theatre is currently packing them in at the Netherbow Arts Centre in the Royal Mile with the world premiere production of the stage version of *The Grapes of Wrath*. The same company won a Fringe First last year with their successful production of Arthur Miller's *Plymouth for President*. This year's offering along with a repertoire that includes an unfamiliar Lanford Wilson and the old hit comedy *Stage Door*—is infinitely better, perhaps because John Steinbeck is a greater writer than Miller, *tough* court, and certainly avoids the trap of portentious theatrics that attends Miller's writing, even at its best.

The magnificent adaptation by Peter Whitebrook and Duncan Low keeps the terrible, inescapable simplicity of Steinbeck's narrative style and generates an anger and a sense of purpose that recall Dickens.

The bessian drop-curtain bears a map of the Joad family's odyssey from dust-bowl Oklahoma to the promised land of California. Depression-era songs and sketches of popular radio shows of the time provide a nostalgic window, but Rob Muth's bold, matter-of-fact production eschews sentimentality. Young Tom (Peter Spears) advances as narrator; from the first family group, glimpsed through gauze, crouched over the unyielding earth, until the lights are turned on the audience to dazzle us with the golden vision of California, the first part moves fluently, switching effortlessly from one group to another with the help of Fergus Gillies' lighting.

The second part opens with house lights up. A cop induces order and introduces the speaker, a prosperous land-owning "third generation Californian" who discusses the influx of Okies ("outsiders with no money, no place to go, setting up squatter camps"). The subsequent crescendo of injustice and exploitation is played to a descent of decency assailed, good people struggling to keep their dignity, bewilderment. "Did we go wrong some place?" asks Pa. "It's just changes, changes," Ma replies.

But it's more than just changes. A dispossessed farmer may demand, "Who do I shoot?" but the original decision-makers "way out east," like the banks, employers and brutal police of the west, are as remote, unaccountable and ultimately as implacable as the gods of Greek tragedy.

The acting is never less than competent, occasionally muted, sometimes overblown, often good—as with Charles Am Moore's pregnant daughter getting harder and more hopeless, an absolutely natural performance with a touch of the young Julie Harris—but the cumulative effect is overwhelming. Powerfully moving: the farewell interview between Ma Joad (Faith Geer, simple and truthful) and her fugitive son; and the image of the girl he had dead, giving her milk to a stricken stranger; a picture that defies mawkishness and lingers in the memory like an icon, resonant, universal and triumphant.

\*

In the labyrinthine maze of delights that is the Assembly Rooms in George Street, a Russian company plays *Hamlet* in what looks like an ancient regime ballroom, subtended to another use, tiers of seating erected beneath gilt cornices and incongruous chandeliers. The impression of time out of joint is reinforced by the throb of rock music and the inexorable, unfurling march-like pace of Moscow's Studio Theatre of the South West.

This gloomy Dane has been rethought: not indecisive, merely constricted by a regimented society, depicted as a mixture of chess, rounders and musical chairs. Here the characters move to the spotlights, move to the spotlights, not vice versa. In the



Jack Klaf

static pools of light that break stage, while Gonzalo's murder is almost incidentally enacted by the players on the dim centre-stage (the mimic royal's red robes make a splash of colour in the sombre murk).

This brisk, vaguely politicised production by Valery Belyakov makes a speedy, sometimes exhilarating three hours. Cut include "To be or not to be" and most of the philosophical self-doubts. If Hamlet is not about conscience, decisiveness, will-power and waste, what is it about? The rest is silence, or rather *Hamlet*, *Tangerine Dream* et al., which, it cannot be admitted, has a trivial effect on the play.

Viktor V. Avilov has a faint look of David Warner, though his long, mulish face with its heavy-lidded eyes hints that the prince has a touch of the pugilist about him. The director plays Claudius whose deceptive geniality and sporadic remorse are more overtly emotional than we are used to in the west—indeed some of the acting from the mixed professional-amateur group is more wholeheartedly expansive than its modern framework. Nadezhda Radakova's Ophelia shares that gift common to Russian actresses of combining heavy-hearted giddiness with melting vulnerability; her mad scene is especially strong, not too far removed from Scotland's own distraught Shakespearian lady. Last performance tonight.

At the Heriot Watt Theatre you can just catch the British stage premiere of "a musical comedy romance" by the Danish writer considered by some second only to Ibsen among the Scandinavian giants. On the showing of *New Strand* can definitely (if it ever did) J. L. Heiberg's 55-minute vaudeville dates from 1886, cries out for Offenbach and parallels the Burnand-Sullivan genre of *Cox and Box*.

Crusty old judge's daughter secretly loves lodger, according to Michael's love-pupil, according to mother's will young man must propose to cousin Judge's plans, for daughter concern only provincial bell-ringer. Coincidences, misunderstandings, happy ending. The late Michael Flanders's lyrics, written for a TV version, are neatly Gilbertian, Stuart Bartram's music is aptly tuneful and if Michael Fry's 1930s production is slightly at odds with Michael's, the Flanders Theatre company wins over, thanks especially to Darryl Knock and Felicity Jane Goodison, both naturals for musical comedy.

The final impression is of character innocence, though what a post-Freudian age makes of the domestic coupling of bell-ringer and judge (the latter delighted at the prospect of pulling the great bell at last), I dread think.

Also in the Assembly Rooms

read by Tim Pigott-Smith, gives three hours of listening, and well expresses the story's timeless appeal.

In complete contrast is LFP's short version of Joseph Heller's classic American novel of the Second World War, *Catch-22* (LFP 72045). Since the novel was published in 1961 (a year later in Britain), Orr's dilemma—he would be crazy to fly more combat missions over Italy and be sensitive, as he did the first time—has not changed.

From Argo comes a well-abridged version of Kipling's *Kim* (Say Series 415 144). Every omission from this supreme story is a loss hard to tolerate, but the flavour of it gets through, the plot is intact and its larger-than-life characters—Kim's lama, the wily Afghan horse-dealer Mahab Ali, fat Hurree Babu and the rest—are alive and well and travelling up and down

the teeming roads of India in Noel Streatfield's classic *Shoe Shoes* (LFP 7286; abridged) about three adopted little girls brought up by a nice young woman and her nanny and destined to become an actress, an engineer and a prima ballerina; pleasantly read by Jan Francis.

The long vacation is a good time to note that Argo have now discontinued, in bound 8-cassette sets, the entire Shakespearean canon recorded under the auspices of the British Council in the 1950s and 1960s. The plays have full casts, including Sir John Gielgud, Dame Peggy Ashcroft, Sir Michael Hordern, Tony Chinn, Roy Dotrice, Angela Baddeley, Ian Holm, Geraldine McEwan, Derek Jacobi, etc; almost all the plays are in the uncut New Shakespearean version edited by J. Dover Wilson.

Mary Postgate

Radio 4, which did produce two new pieces for Afternoon Plays,

Radio 3 borrowed one of last year's Radio 4 plays, *Wise and Foolish*, two more, Peter Redgrave's *Fairy Tales* (*Tuesday*), a horrible tale about a boy who is cooked by his stepmother for family supper, and comes back as a bird to wreak his vengeance.

For little girls of eight or nine upwards, there is a set which most parents would not

have to have to listen to on a

long holiday drive: Noel Streatfield's classic *Shoe Shoes* (LFP 7286; abridged) about three adopted little girls brought up by a nice young woman and her nanny and destined to become an actress, an engineer and a prima ballerina; pleasantly read by Jan Francis.

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There was a lot of uncharming incidental music by Stephen Rolfe, including difficult songs for treble Anthony Couper.

The other, cumbersomely enti-

tled *The One Who Set Out to*

*Study Fear*, relied on Bach. As

I recall, it was not for the boy

to shoulder, and comes back as a

bird to wreak his vengeance.

There was a lot of uncharming

incidental music by Stephen

Rolfe, including difficult

songs for treble Anthony Coupe-

No hope of ignoring the

tenth anniversary of Elvis Presley's death, which meant so much to so many. To me he was just a singer who sang almost as badly as Madonna, and I heard nothing to change this view. I confess that I was not up for Radio 1's two hours from 5.30 to 7.30 on Monday morning.

## India put in perspective

### Radio

It is still acceptable for a registered dock-worker to have lived on the pavement for 30 years, paying rent to gangsters for his patch and his use of the public toilets. Some of us still have a notion of India not much changed from what we see in *Bhowani Junction* (which we can hear again, Radio 4 on Tuesday afternoons). I am finding this series produced by Zaroori Masana intensely interesting.

If Dr Goebbels could have found a singer of Presley's calibre, he might have done better with the mock-English jazz programmes he put on short-wave radio during the war. His ministry assembled a decent dance-band, whose singer Charlie sang lyrics designed to disaffect English-language lis-

teners. I never encountered anyone disaffected by Charlie, but by the middle of the war we were all indeed singing a number from the German radio. It was called "Lilli Marlene." Michael Pointon, with Martin Keslin and the band's veteran drummer, sent the whole business up in their programme *Swingtime for Hitler* (Radio 4, Sunday).

The seasonal repeat phenomenon is at work in the drama department this week. Saturday Night Theatre gave us Nicholas Blake's *The Smiler with the Knife* again; the Monday Play was Henry Reed's adaptation of *Moby Dick*, dating from 1979 ("a tribute to Henry Reed and Colin Blakely," well deserved); Charlie sang lyrics designed to disaffect English-language lis-

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*Swingtime for Hitler* (

# WEEKEND FT

SPORT

Racing/Michael Thompson-Noel

## The man who mastered time

**At 77 Phil Bull, the founder of Timeform, is still a perceptive and provocative crusader**

**TO HELP** celebrate its 40th anniversary, Timeform—one of the great institutions of the Turf—has produced a brochure that contains ringing endorsements from all the top names in British racing.

Those lining up to pay homage to Timeform include the Queen Mother—"my warmest congratulations"—Lord Fairhaven, Sir Ian Tretheway, Lord Porchester, the rugged Lady Brougham, Sir Joe, Paul Mellon, Robert Sangster, Sir Michael Sobell, Lester Piggott, Pat Eddery, Vincent O'Brien, and so forth.

The most original contribution is the one from champion trainer Henry Cecil, the rose-growing wag of Newmarket, whose gazing of the gallops conceals—it transpires—a penchant for dotty rhymes.

According to Henry:

Oh what a wonderful volume,  
A truly magnificent book  
You can see all the animals' ratings  
In the time that it takes you to look.

The volume he is referring to is the celebrated Timeform Weekly Black Book, which at £12 a throw, runs seven thousand subscribers with potent ammunition with which to seek winners and harm the backs—not terminal harm but grievous.

Apart from detailed information (plus ratings) for every horse in training, the Black Book contains big-race reviews and forecasts, plus a Timeform Interview with a leading trainer (which is rated an A-1 or-a-body by those who are genuinely in the know), results from Britain and abroad, and so on—in short, millions of facts and diamond-sharp data, all of which are revised, amended, prepared, collated,

printed, trimmed, bound and dispatched to a fanatical readership of owners, trainers and pointers by 3 pm every Wednesday.

There are other Timeform services, notably Timeform Race Cards, Ratings, Horses to Follow, a phone service and a 1,000-page Timeform Annual which together add up to a £200 annual bill in Halifax, that is still overseen by Timeform's founder, Phil Bull.

Bull is a gnomic figure with a white beard and a pipe who is 77 now—"I'm old, tired, and full of aches and pains"—but who remains as sharp (and as sharp-tongued) as befit one of this century's most successful Turf crusaders.

He is a professional Yorkshireman, and don't you forget it—brought up in Hemsworth, where his father was a miner, grammar school-educated and a mathematics graduate of Oxford. He arrived in London in the 1930s as a school teacher, and divided his spare time between sociology lectures and going to the races. He made money from betting and from running a service called Temple Racetime Analysis, with recommendations based on the track times recorded on his own stopwatch.

It was from these origins that Timeform grew, so that today, mixing shrewd analysis with polished commentary in the most urbane and perfect by Phil Bull, it can describe itself as "the largest organisation in the world devoted exclusively to supplying comprehensive information and opinion for all horses racing on the Turf."

Bull's right-hand man and managing director is the dapper Reg Griffin, a valued administrator who still reports for Timeform on most of the major Turf meetings in Britain, Ireland and France. Griffin has a civilised sense of humour, as well he might: he owns 20 per cent of Timeform (Bull owns the remainder).

"Integrity is all," explains Griffin. "Timeform is sometimes asked by owners to revise its verdict on particular horses, and so on—in short, millions of factoids and diamond-sharp data, all of which are revised, amended, prepared, collated,

interpreters. We don't want to hear that a horse won by two



Phil Bull: "Who says that I've mellowed?"

lengths. We want to know what it means."

"For example, when Reference Point (this year's Epsom Derby champion) won last autumn's William Hill Futurity at Doncaster, the judge put his winning distance at 5 lengths. Phil was on the finishing line," nonsense, he said—it was 6½ lengths. So that was how Timeform interpreted the form."

Reference Point is currently on a 100% Timeform rating of 145. At 14 miles Timeform rates him every bit as good as Dancing Brave and Sherpa, while Griffin regards him as an "absolute certainty" for the St Leger, which is expected to be won after the stables opened.

Naturally, 145 is super-elevated. In contradistinction, Elegant Stranger, a two-year-old

bay gelding by Kraysan out of Tunnells by Tumble Wind in which I just happen to own a 1,000th share, is currently rated on 68, which is not at all elevated. His dam was a "poor Irish miler," notes Timeform, though coming gradually, that Elegant Stranger is "suited by 7½" may improve further."

Quite so. At Yarmouth on Thursday Elegant Stranger scored his second victory in four starts and won a prize of £2,721, starting at 17/2. His cost £5,000 guineas. The most expensive animal in the race, Moundish, owned by Sheikh Mohamed al Maktoum of Dubai, cost 400,000 guineas and finished eighth after having unseated his rider after the stalls opened. Such is luck in life's brief lottery.

Phil Bull has been a gambler of note. "When I was a school-

teacher," he says, "my salary was £175 per annum less deductions. I could make far more money backing horses than working. In the late '40s, '50s and early '60s—before betting tax—it was child's play to make £20,000 a year backing horses—and I did."

He was also a successful owner and breeder (his colours are carmine with a white circle). "I had nominations to all the best stallions in Europe, and not one cost me more than 400 guineas."

"But I can't compete with the Arabs. Nominations have rocketed from 400 guineas to the best part of a quarter of a million for the top horses. These are people to whom money is of virtually no consequence. Their money, after all, is merely spouting from the ground."

Apart from Timeform, Phil Bull is best known for his lifelong campaign to modernise and improve racing for the benefit of ordinary punters—a crusade that has led him into conflict, more often than not, with the toffs of the Jockey Club, which rules British racing.

"The Jockey Club proceeds on the basis of tradition," says Bull haughtily.

I asked him why he couldn't choose to view the Jockey Club as a splendid anachronism, fit for which racing would be poorer.

He said: "Knock out splendid and you might get it right."

I said that I was surprised that age had not mellowed him.

"Mellowed," he snapped. "Who says that I've mellowed?"

"No," I replied. "I'm surprised that you haven't mellowed."

"How could you know?" he asked.

"Because I remember the views that you were canvassing in the '60s and '70s."

"Do you, now?" he said. "So how old are you?"

"Forty-two," I replied.

"Then you are older than you look."

It was the perfect forking flourish. I had forgotten that Phil Bull plays chess.

AS WE approach the most important fixture in recent professional golf—the forthcoming Ryder Cup match at Muirfield Village Golf Club in Dublin, Ohio (September 25-27)—there has been much public soul-searching in America about the depressed current state of a once Royal and Ancient game.

The series will be a sell-out on American soil for the first time in its 60-year history because the Americans so badly want back the trophy they have won 21 times out of a possible 26 in the biennial series.

More importantly, the matches have at last become as highly competitive as to capture the imagination of a singularly fickle audience. If the European manager to record their first-ever victory, it would mean the honourable test-crush, which has already started here will know no bounds.

Mark McCormack, the renowned agent and Jack Nicklaus have both recently lashed out at the complacent "fat cats" on the US tour who have gone soft because they can perennially win huge sums without actually winning a single event, and thus have no incentive to do so.

I find myself in agreement with the critics who say that the all-exploited US tour has bred this complacency. A score of failure has been very far removed from the game by allowing the mediocre to prosper. A traditionally capitalistic endeavour has now virtually established a sort of weekly union minimum rate beloved of team sports.

Indeed, I find myself becoming increasingly annoyed by the American game. First, it has become far too expensive and time consuming.

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Golf/Ben Wright

## A curse on the infernal cart

I am becoming depressed with the American game. It is far too expensive and time-consuming.

wonderful (and often far-from-wonderful) caddies. I would willingly take the rough with the smooth if I could regularly enjoy the company (even the off-the-harsh and unsympathetic criticism) of these extraordinarily disparate characters.

On the score of expense, carts

have made a major contribution to increasing the cost of playing.

Not only does the price of

the cart itself make rich men

of their owners.

I know of one very famous American professional who was fired from one of the biggest golf resorts in Florida because his employer, the owner, was so

miserable of the fortune he was making by owning the cart company.

On the score of slow play,

carts have made a negligible contribution in helping to speed up the game, despite the claims to the contrary put forward by those who favour them.

But televised golf and the absurd

small-like progress of the professionals—Nicklaus was and is the most guilty offender—is the most important factor in promoting the absolutely funeral

notion of play at all levels.

Green fees have become so expensive because of the American fetish for manicuring courses until they resemble ornamental gardens, and I suspect that Augusta National Golf Club must shoulder much of the blame for this by looking for fantastically fortuitous break.

When carts are allowed to leave their path, which should never be permitted in the first place, their unslightly tyre tracks offend the eye and damage the grass.

Finally, the curse of their

monolithic nature.

There has been a recent move by golf course architects towards duplication, so-called

Scottish courses in the hope of minimising maintenance costs.

But with very few exceptions the results have been laughable,

to say the least. The pitch and run shot has virtually been banished from modern American golf courses and the proliferation of sand bunkers has added vastly to the expense of playing at many courses, some of them designed by Nicklaus.

I hate to play most of Nicklaus' courses because they largely appear to have been designed for his, not the hacker's enjoyment. Nicklaus' insistence that golf should be played downhill so that all hazards are visible is ridiculous.

But it also means that one must inevitably climb up to even tees, cart or no cart. At Nicklaus' designed Muirfield Village the distance to be walked upwards between greens and tees is roughly a mile and one furlong. At Glen Abbey near Toronto, the Nicklaus-designed permanent home of the Canadian Open, that distance is almost a mile-and-a-half.

So Nicklaus can also be blamed for promoting the use of the dreaded cart! In addition, many of his courses have annual maintenance costs of well over \$1m. At some of them Nicklaus' attempts to imitate Scottish humps and hollows have actually created large areas that look far from natural.

Lack of space prevents me from cataloguing further my pet hates now, and I shall return to them later; but I would be remiss not to mention that high on the list are rowdy, mostly been-so-doden spectators who are multiplying in ever-increasing numbers, plus the seafaring fools who, because they have paid a four-figure sum for the privilege of playing in a major pro-am, seem to pick up their golf balls with a number of their team members, or they are facing a sizeable putt for a seven.

To end on a positive note, I am constantly encouraged by the number of American golfers who return from Great Britain and Ireland raving about British courses, caddies, pace of play and largely everything golfing that they find wonderful.

And it gives me great pleasure to report that I have just accepted an invitation to play in a friendly tournament—yes, the real thing—in Johnstown, Pennsylvania, in late September to benefit a local charity. All competitors are required to wear jacket and tie, and the golfers' roots and origins across the Atlantic. More beef to come.

Madness is their Reason, 11.15pm Saturday, 21.15pm Sunday. Clarinet Trio (Gordon Cross's Band), Langham Court Orchestra, 11.15pm Saturday, 21.15pm Sunday. 11.15pm Saturday, 21.15pm Sunday. 11.15pm Saturday, 21.15pm Sunday.

Mediterranean, 11.15pm Saturday, 21.15pm Sunday. 11.15pm Saturday, 21.15pm Sunday.

Medieval wave as above except: 11.15pm Saturday, 21.15pm Sunday. MCC 11.15pm Saturday, 21.15pm Sunday.

Midnight Special, 11.15pm Saturday, 21